UNIVERSITY OF SASKATCHEWAN

Reporting our Progress

2009-10 **Annual Report**

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THE YEAR IN REVIEW

MAY

The advent of the iUSASK application for the iPhone garnered much attention in the technology world. Developed by an innovative group in the Department of Computer Science, iUSASK was the first app designed specifically for a university community.

JUNE

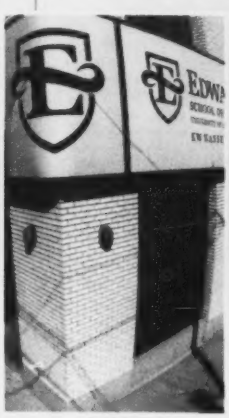
After almost 100 years of use and a complete renovation, the College Building received its official recognition as a national historic site with the installation of a brass plaque. The Historic Sites and Monuments Board of Canada made the designation in 2001. The building, which serves as a cornerstone of campus, was declared a provincial heritage property in 1982.

JULY

Two faculty members – Patricia Monture, professor of sociology and law Professor Ken Norman – were part of a national advisory committee that met with citizens across the country to determine the content of the Canadian Museum of Human Rights in Winnipeg. Said Norman, "To learn about one another is inspiring."

AUGUST

The university moved across the river with the opening of the Edwards School of Business new campus in downtown Saskatoon. Designed primarily for part-time students in professional programs such as the Master of Business Administration, the centre creates valuable connections between the university and the business community.



SEPTEMBER

The Huskies football team adjusts its schedule to play every home game under the lights this season. Taking advantage of lighting upgrades made to Griffiths Stadium at PotashCorp Park for the 2006 Vanier Cup, the team took on its CIS rivals on Friday evenings creating a great college atmosphere, and avoiding conflicts with the Saskatchewan Roughriders' weekend schedule.

OCTOBER

A shovel in the ground marked the start of construction of E Wing, the next phase of the Academic Health Sciences project. The largest single construction project in the history of the university, the project will eventually house a number of health science colleges and programs, and will focus on interdisciplinary and interprofessional teaching and research.

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NOVEMBER

The opening of the Grad Student Commons in the former chapel of the College of Emmanuel and St. Chad creates a multi-use space for an important segment of the university's student population. With many architectural features left intact, the chapel has been transformed into a space for meetings, formal gatherings, academic pursuits and socializing.

DECEMBER

Discovery with impact. That is the mantra of Karen Chad, the university's new vice-president research. An accomplished researcher in the areas of health promotion and exercise physiology, Chad served as acting vice-president prior to her appointment. "I want to foster creativity and innovation. I want to instill a sense of meaning, for faculty to feel that their contributions are integral to the university and the community."

JANUARY

Laptops have become ubiquitous learning tools for students and the University of Saskatchewan (U of S) continues its efforts to ensure the ease-of-use and effectiveness of the technology. That includes an expanded wireless network across campus, seating that accommodates the computers, laptop loan programs and in some colleges, providing the option for students to write exams on laptops.

FEBRUARY

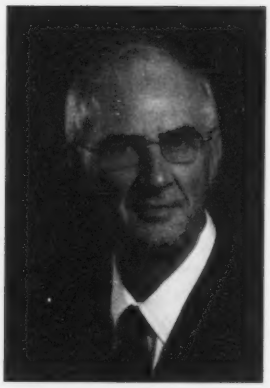
The Winter Olympic Torch Relay connected Canadians from coast to coast, including some from the U of S. A number of campus community members were selected to participate and did so with pride. During the Vancouver games, the U of S played a part in the celebration with events and displays at the Saskatchewan Pavilion.

MARCH

A unique gift to the university in the form of two properties made the $12 million donation from former engineering professor K.W. Nasser and his family the largest in the history of the university. The gift will support several priorities including student scholarships, the Gordon Oaks-Red Bear Student Centre, the College of Engineering and the Edwards School of Business.

APRIL

Staff members from the Museum of Antiquities and the Canadian Light Source join forces to experiment with using synchrotron technology to reveal the origin of very old coins. The aim is to find a way to accurately identify and date badly worn coins which will revolutionize the processes of safely examining archaeological specimens.



ART DUMONT, CHAIR, BOARD OF GOVERNORS

It will come as no surprise that, over the past year, one of the main priorities of the Board of Governors was monitoring and addressing the challenges of the world economic downturn. While we did not go unscathed and had to make strategic budget adjustments, we were sheltered to some extent from the effects of financial uncertainty by continuing to take a conservative and responsible approach to financial management. It was with some confidence, therefore, that we were able to continue to focus our resources where they were, and continue to be, needed most – on unprecedented physical growth and on supporting students, research and community engagement. These are the hallmarks of a truly fine educational institution.

PETER MACKINNON, PRESIDENT

Guided always by our strategic directions – academic pre-eminence, national and international standards, and sense of place – as well as by the priorities set out in our second integrated plan, the University of Saskatchewan has made substantial progress over the past year, and the evidence of that progress is clear and convincing. From significant increases in research funding to the successful recruitment of outstanding faculty and leaders to a growing student population, we have continued to move forward on many fronts. In addition, our strong partnerships with government, industry and others, and a planning and budgeting process that is envied by many have created opportunities at our university which match or exceed those of any other post-secondary institution in Canada.

VERA PEZER, CHANCELLOR

As it has throughout its history, the University of Saskatchewan benefited this year from our connections to the communities around us, and those connections are spreading across Canada and around the world like never before. Worldwide, U of S alumni are working to shape our present and our future through the dedicated pursuit of learning and discovery. By engaging with people here at home and in countries too numerous to list, U of S alumni are leaders in innovative approaches to the way we work, study and live. At the same time, our alumni continue to give back to the university, as seen clearly this year in the significant gift from the K.W. Nasser family. Support of this nature enhances the student experience and gives current and potential students the best possible chance to succeed – thus becoming the next generation of U of S alumni who will make their mark in Saskatchewan and beyond.

Report on Progress 2009 – 2010

The Second Integrated Plan as of May 2010

"As we approach the halfway mark of our second planning cycle, I anticipate that commitment leaders and the campus community will continue to bring forward and develop new initiatives which move the University of Saskatchewan closer to realizing its goals."

Provost and Vice-President Academic **Brett Fairbairn**

The plan at a glance

This diagram is a snapshot of the university's second integrated plan which focuses on three priority areas for 2008–2012:

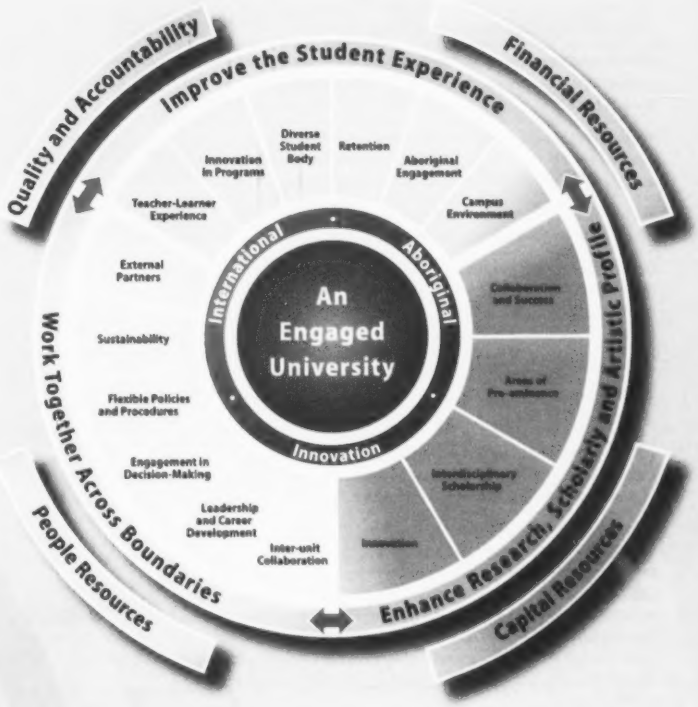
1. improve the undergraduate and graduate student experience, both inside and outside the classroom;
2. enhance the university's profile in research, scholarly and artistic work; and
3. work together more effectively across unit and institutional boundaries.

Threaded across these priorities are three institutional imperatives, shown in the green ring:

1. to engage more fully with Aboriginal Peoples;
2. to internationalize the university and the student experience; and
3. to foster innovation throughout our programs and services.

Sixteen commitments are grouped within the three priority areas (the pie-shaped pieces around the inner circle), and four commitments are grouped together and called "supporting strategies" because they intersect across all three priorities (the four arcs outside the circle). Each commitment is written as an action statement, indicating what the university will accomplish, or work towards accomplishing, in that specific commitment by 2012.

The overall goal is to become a more engaged university.



Measuring our progress

Shown on this page are the "by 2012" statements written into the university Second Integrated Plan: Toward an Engaged University. These statements serve as guideposts for measuring our progress in the priority and supporting strategy areas and in this summary, we track the progress on each of the "by 2012" statements. In addition to these defined areas of activity, the university is seeing other innovative, creative projects emerging on many fronts. To learn more, please visit: www.usask.ca/ip

Improve the Student Experience

We are on track if, by 2012:

Progress to date (0% – 100%)

- Our programs are recognized for their distinctive and innovative approaches on the discovery-learning continuum, including inquiry-based, experiential and international learning — TBD
- We have an undergraduate student population that is stable or growing through increased retention and participation rates and that is more diverse
- We have grown the graduate student population so that it approaches 15% of our total student body
- We have increased the number of graduate students who are effectively engaged in undergraduate training
- We offer more opportunities for e-learning and other alternate modes of delivery of courses and/ or programs in addition to in-class options.
- We have further enhanced opportunities for professional development in teaching for faculty and graduate students and encouraged them to participate in these opportunities
- We have implemented a comprehensive evaluation framework which assesses program, instructor and course quality.
- Students tell us that they receive excellent advice from trained professional student advisors who help them with their academic programs and their life goals
- Students indicate in surveys that they have a sense of belonging to the university community and are respected on campus
- Student evaluations tell us that our course delivery methods have been effective, efficient and intellectually stimulating
- Recent graduates tell us that we have delivered a high-quality program, relevant to the workplace, with current ideas and methods plus the fundamentals required for innovation — TBD
- We have completed the University Learning Centre/Library Transformation building projects, revitalized Marquis Hall to provide upgraded and contemporary Food Services and Bookstore facilities reflective of and responsive to diverse student needs, expanded and renovated Place Riel Student Centre, improved existing student housing and initiated new housing projects to reach the national average for percentage of students living in on-campus housing, and are well advanced in establishing additional student facilities

The following commitments are grouped within this priority area: The Teacher-Learner Experience, Innovation in Programs, A Diverse Body of Students, Retention Strategies and Initiatives, Aboriginal Engagement, The Campus Environment for Students

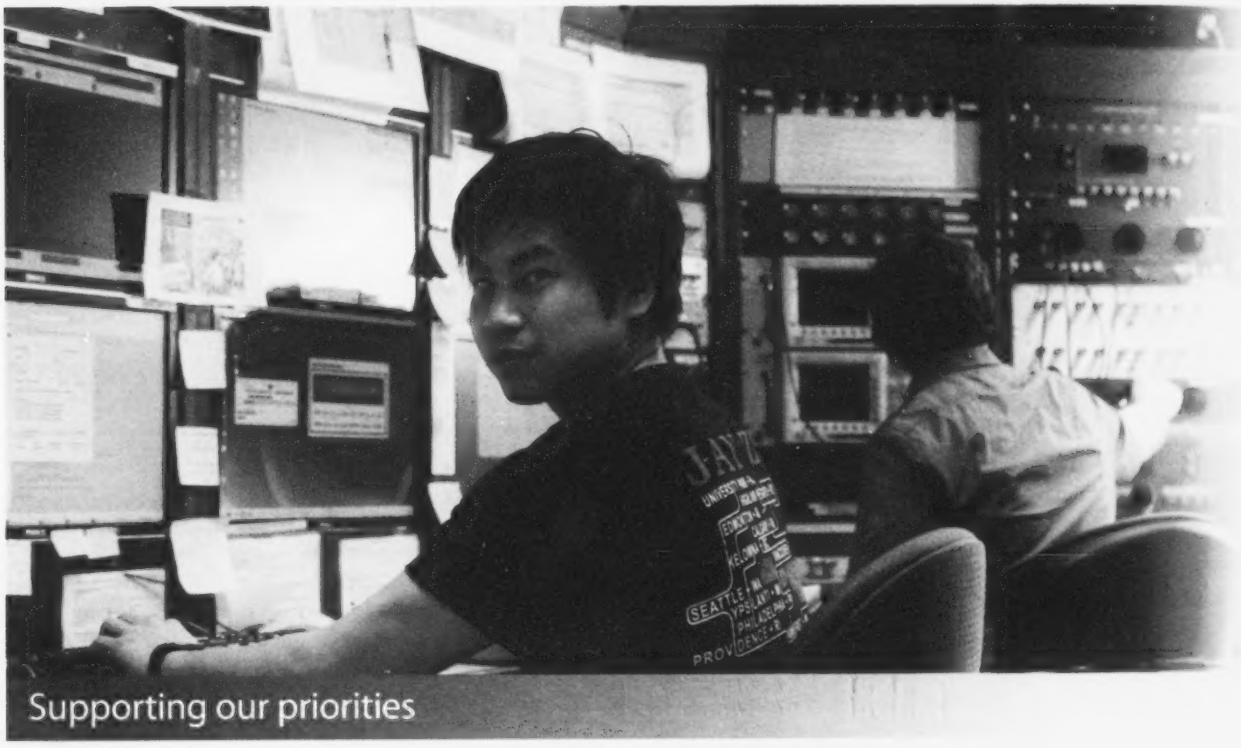
Work Together Across Boundaries

We are on track if, by 2012:

Progress to date (0% – 100%)

- Academic and non-academic units are working together in integrated and decentralized ways to achieve common objectives
- We have reduced the time it takes to approve and launch new faculty-, student-, and staff-driven initiatives, while enhancing meaningful opportunities for input and collaboration — TBD
- University faculty, students, and staff access leadership and personal development opportunities in growing numbers.
- Employee opinion surveys indicate that faculty and staff are more engaged in the life and vitality of the University and are actively involved in shaping their careers and developing their capacities
- A comprehensive sustainability policy has been developed and implemented and sustainability has become a defining area of university activity
- Timelines associated with processes for faculty appointment, student recruitment and program approval have been substantially reduced
- Academic leaders are evaluated on their willingness to advance interdisciplinarity, to privilege university-wide priorities, and to work across existing boundaries
- Mechanisms have been created to ensure ongoing dialogue between administrative units and colleges and departments
- The university has developed a larger number of long-term relationships and formal partnerships with other universities and post-secondary institutions in support of student learning and of research, scholarly and artistic work
- There is an increased number of faculty and students participating in research and educational partnerships with community-based organizations, other universities, and with the private and industry sector in support of student learning as well as addressing important society issues

The following commitments are grouped within this priority area: Collaboration between Academic and Non-Academic Units, Leadership and Career Development, Engagement in Governance and Decision-Making, Responsive and Flexible Policies and Processes, Sustainability as a Shared Challenge, Engagement with External Partners



Supporting our priorities

Enhance the University's Research, Scholarly and Artistic Profile

We are on track if, by 2012:

Progress to date

0% 100%

We have identified areas of current and emerging pre-eminence complete with benchmarks, measures, and convincing evidence that these are areas in which we have distinctive profile as national and international leaders.	
Our areas of pre-eminence and types of research reinforce a distinctive University of Saskatchewan identity that reflects our sense of place and aids recruitment of students and faculty across the campus.	
We are offering more opportunities for undergraduate and graduate students to participate in the scholarship of discovery.	
We continue to improve our research performance on a set of key indicators which have been jointly developed early in this planning cycle and widely communicated	
We have involved more areas of the campus research community in participating in academic programs and experiential learning opportunities	
We have leveraged additional funding for strategic research initiatives and research centres	TBD

The following commitments are grouped within this priority area: Research Success and Collaboration, Areas of Pre-Eminence, Issues-based, Interdisciplinary Scholarship, Innovation and Cultural Contributions

Please visit www.usask.ca/ip for additional information, including highlights from the 20 commitments.

Supporting Strategies

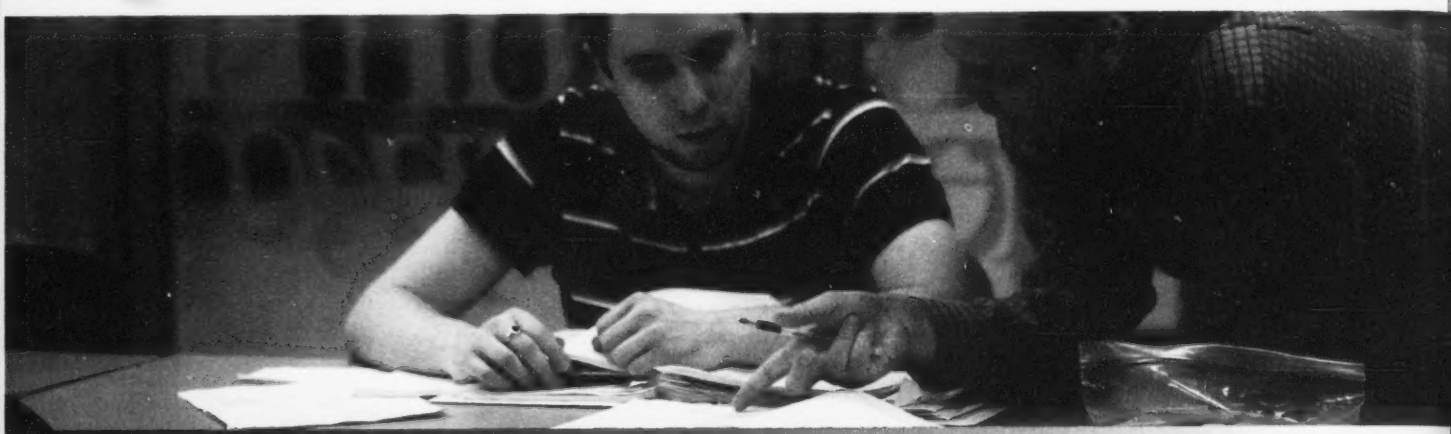
We are on track if, by 2012:

Progress to date

0% 100%

We have acted on our commitment to work together more effectively as described in the Work Together Across Boundaries priority area
We have maintained a balanced operating budget over the four-year period with adequate financial reserves and utilized the Academic Priorities Fund to invest in a number of academic initiatives arising from the commitments articulated in this plan
We have defined principles and a process for resource allocation within the operating budget, enabling us to better respond financially to priorities and potential risks, such as a downturn in enrolment and tuition revenue
We have developed new sources of revenue and have advanced our fund-raising efforts in support of this plan
We have completed most of the capital and infrastructure projects which currently have funding commitments
We have expanded our commitment to environmental sustainability in our physical infrastructure, both through energy savings projects and environmentally sensitive building design
We have improved our overall approach to risk management and enhanced our ability to mitigate and respond to human, financial, infrastructure and strategic risks
We have designed and implemented a comprehensive quality assurance framework in our academic and administrative functions and report on progress at regular intervals

The following commitments are grouped within this priority area: People Resources, Financial Resources, Infrastructure and Capital Resources, Quality and Accountability



Academic Priorities Fund expenditures

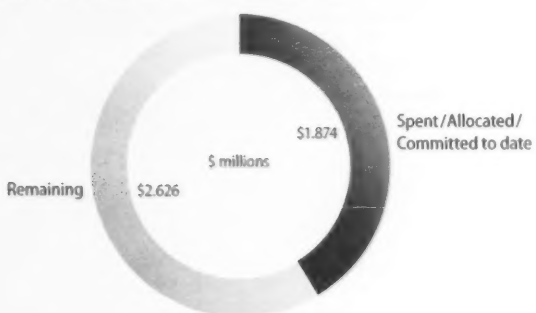
The University of Saskatchewan's Academic Priorities Fund (APF) is a special fund used to support institutional priorities. It contains $4.5 million in permanent funds for the second planning cycle. Two million of this total is provided by a special grant from the Government of Saskatchewan; the other $2.5 million is allocated by the university in its Multi-Year Operating Budget Framework.

The purpose of integrating financial and institutional planning is to support areas of highest priority. Investments from the APF to support these areas take two forms: permanent and one-time. Permanent investments are meant to support fundamental change at the university (such as the establishment of three interdisciplinary graduate schools), and one-time investments support selected projects and innovative ideas for a set number of years.

Funds committed from the APF in 2009-10 reflect our priorities as the items funded are initiatives expected to improve the student experience, enhance our research profile and improve our ability to work together more effectively. Due to the financial uncertainty as a result of last year's global economic downturn, minimal permanent investments were made from the APF during 2009-10. However, there were a number of one-time investments in high priority projects as shown in the table.

Permanent funding in the APF as of April 30, 2010

This chart shows a summary of the permanent funds committed in the second planning cycle to date which totals $1.874 million.



Permanent funds in the Academic Priorities Fund	Permanent allocations
Total available over planning cycle	$ 4.5 M
Allocated/committed in 2008-09	
College of Graduate Studies and Research (scholarships, fellowships, teaching awards)	1.0 M
Interdisciplinary Graduate Schools	0.574 M
Allocated/committed in 2009-10	
Implementation of the Framework for Assessment	0.3 M
Total permanent allocated to date	$ 1.874 M
Remaining	**$ 2.626 M**

One-time funding committed in 2009-10

Committed in 2009-10, to be spent by 2011-12	One time allocation
Student Wellness Initiative Toward Community Health	$ 30,000
ESB interest on loan for downtown campus	210,000
Centre for Study of Co-operatives	100,000
Sustainability as a Shared Challenge commitment (liaison position)	270,000
Financial Resources commitment (resource allocation support position)	148,000
Student Evaluation of Educational Quality (SEEQ)	116,000
Teacher-Learner commitment (teaching awards)	200,000
Retention Strategies and Initiatives commitment (undergraduate advising)	100,000
International Centre for Northern Governance and Development	275,000
Graduate student housing design phase (investment, to be repaid to APF)	500,000
Implementation of Globalism foundational document	675,000
Matching Research Grant Program	770,000
Aboriginal Student Achievement	55,433
Chair in Health Quality Improvement	350,000
Geographical Information Systems	330,000
Clarion development of concept drawings (investment, to be repaid to APF)	50,000
Dairy Research Facility design phase (investment, to be repaid to APF)	150,000
Framework for assessment implementation	208,000
Total one-time committed in 2009-10	**$ 4,537,433**

Total one-time funding committed during the first two years of the second planning cycle (2008-09 and 2009-10) is $11.840 million. For detail from 2008-09, please see the first year progress report: **www.usask.ca/reporting/integrated_plan_reports/microsites/0809_progress_report/page8.php**

Management Discussion and Analysis

Responsible Stewardship of University Resources

Setting the Context

In response to the investment market downturn and global economic crisis of 2008-09, the university undertook a comprehensive scenario analysis. This analysis attempted to define the areas of greatest risk for the university and to quantify the magnitude of potential financial impact. The assessment demonstrated that the largest and most immediate risks for the University of Saskatchewan were in two areas - pensions and the operating budget. The analysis revealed potential annual obligations to our defined benefit pension plans ranging from $10.0 million to as high as $40.0 million. A key finding was that even under the best-case scenario, the pension problem would not solve itself.

The operating budget was also highly sensitive to the choice of scenario, with a forecast annual deficit ranging from nearly zero to over $35.0 million annually. The scenario analysis deficit projections were driven by a number of uncertainties, including a potential gap between the growth in salaries and the growth in the provincial grant, by projected investment returns, by the need to shore up critical endowment spending, and by the need for additional pension payment contributions.

The University of Saskatchewan's economic scenario analysis process, set up to examine the potential impacts of the global market downturn, was awarded second prize in this year's Canadian Association of University Business Officers' Quality and Productivity Awards competition. Those involved in the analysis included (L-R) Patty Martin, Jim Traves, Marion Van Impe, Martin Gonzalez, Laura Kennedy, Richard Florizone, Brett Fairbairn, Piya Sen, Ginger Appel, Peggy Schmeiser, Lori Auchstaetter and Colin Tennent.

Actions taken in 2009-10

Faced with continuing investment market volatility and global uncertainty, the university undertook a number of strategic measures to ensure financial sustainability and continued stewardship of university resources.

Operating Budget Measures

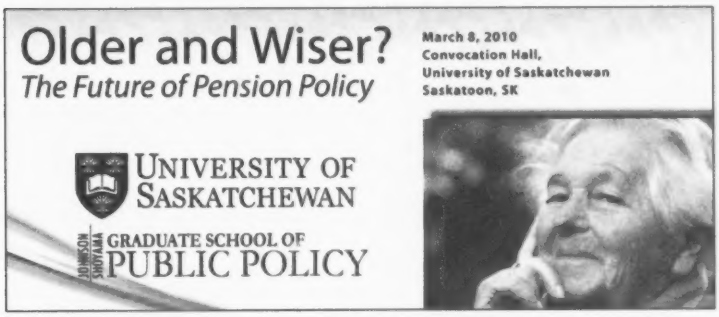
As an outcome of the scenario analysis, management and the Board of Governors recognized the need to reduce reliance on the operating budget by three per cent, about $10.0 million (with the reduction to be achieved over the two year period 2009-10 and 2010-11) as a prudent measure in the face of a combination of risks to our investments, endowments, pension funds and provincial operating grant. Although the University of Saskatchewan was not immune to the external financial situation, it was not affected to the same degree as some of our peer institutions. A budget reduction of three per cent represents a manageable financial challenge to the university given the size and scope of operations. The university's approach to budget matters is strategic, and budget adjustments were not identical for all colleges and units. Capacity of the unit, impact on university priorities and implications for programs and students were factors considered in determining the magnitude of each college/unit's budget adjustment target.

During 2009-10, each college and administrative unit submitted plans. The Office of the Provost approved the plans, and the adjustment process was centrally co-ordinated and supported by the Budget Measures Co-ordinating Committee. Permanent reductions of $5.5 million (55 per cent of the two-year amount) were

achieved in 2009-10. The reductions resulted in the elimination of 37 positions, with 16 of these being vacant positions. The leadership and management of colleges and units brought creativity and diligence to the task to minimize the impact on programs and students and to find more efficient ways of operating. As well, the board approved one-time transition funding to assist units with the budget adjustment process, and accordingly, $1.5 million was allocated to support budget adjustments, with a further $0.4 million allocated to provide bridge funding for research as some research funding sources were also impacted by the economic downturn. Communications to the campus community throughout the budget adjustment process were open, transparent and frequent.

Approaches to the Pension Challenge

A working group was assembled early in 2009, and they have been documenting the situation, analyzing potential options and investigating solutions. The options include: reviewing the design of our plans; reassessing the actuarial assumptions and defining the level of reserves required to stabilize contributions; considering plan design and contributions; and advocating for change to public policy related to pensions. Key principles underlying the assessment of options are that any additional pension contributions must be linked to the overall compensation strategy, and to the extent possible that additional funding decisions be made at the discretion of management in accordance with strategic principles and financial sustainability. A major report outlining the findings of the pension strategy team was presented to the board for consideration at its June 2009 meeting. Updates regarding the pension strategy and analysis have been presented at each subsequent board meeting.



The University of Saskatchewan and the Johnson-Shoyama Graduate School of Public Policy sponsored a national conference to share insights and explore challenges around pension obligations.

The pension payment requirement for 2009-10 was reduced dramatically from an original budget estimate of $4.6 million to $0.5 million. The reason for this variance is due to legislative change and actions taken within the university. Although the problem has been deferred, it has not been addressed, as discussed in the following paragraphs and in later sections. There are two funding valuations for defined benefit plans, and as at December 31/2009 these valuations (for the university's three defined benefit plans) produced the following preliminary results:

	Solvency Valuation	Going-Concern Valuation
Deficit as at December 31, 2009	$100.0 million	$25.5 million

Funding requirements under both valuation methods present a financial challenge, with the solvency valuation presenting a significant financial risk as annual payments in excess of $20.0 million would be required to fund the deficit. To mitigate the risk of additional pension payments, the following developments occurred or actions were taken in 2009-10:

- Provincial legislation was finalized regarding temporary solvency relief. This decision extended the period of solvency relief to December 31, 2010, which allows another year's "grace" for one of the university's three defined benefit plans.
- Each of the defined benefit pension committees undertook extensive discussions with the plan actuary to understand and to validate plan assumptions underlying the going-concern valuation. Each committee approved funding policies that outline an acceptable range for plan assets versus liabilities, and establish a minimum liability coverage level of 105 per cent.
- Communication about the pensions challenge was enhanced and included an open town hall in November 2009 and presentations to the Planning and Priorities Committee of Council and bargaining committees. To raise community awareness of the public policy issue regarding pension savings and pension plan regulation, administration partnered with the Johnson-Shoyama Graduate School of Public Policy to host a national conference.
- Collective bargaining solutions were, and continue to be, explored. The collective agreement recently concluded with CUPE 1975 provides for a phase-in of additional employee/employer contributions of two per cent to reach eight and one-half per cent by January 1, 2012.

Sustaining Endowments

As an outcome of our scenario analysis, at an aggregate level, our endowments were shown to be solvent in most scenarios. However, recently established individual endowments have dropped below the level contributed by donors and have an "underwater capital deficit" (negative segregated capital). The goal of endowment funds is to protect not only the original contribution, but also its purchasing power. This is accomplished by retaining a portion of incremental investment earnings beyond the amount needed to support annual spending for scholarships and other program needs. Financial health of our endowments has improved from the prior year, with investment income in 2009-10 partially recovering the prior year losses (12.7 per cent return on the university's long-term pool investment holdings as opposed to a negative 17.3 per cent return during 2008-09). At April 30, 2010, endowment funds represent $185.2 million – 730 specific funds with annual spending to support scholarships and bursaries, research chairs and other vital support areas.

To ensure the financial sustainability of endowments in order that annual spending can continue to be supported, it is critical that adequate "segregated capital" be maintained. At year-end, segregated capital was $31.8 million (about 20 per cent above original contribution). However, of the 730 funds, 60 were "underwater." This represents about 20 per cent of the total value (compared to 235 underwater funds at April 30, 2009). During the year, the following measures were undertaken to ensure sustainability of endowment fund capital and to ensure that critical spending to support student experience was maintained:

- Colleges reallocated $3.7 million from other areas to strengthen endowments. This was supplemented by a board-approved allocation of $1.3 million.
- The board reviewed spending policy during the year, and it was agreed the existing allocation of four and one-half per cent of endowments to support spending be maintained.
- Recognizing that there are specific newly created trusts and endowments that have suffered permanent impairment, at its meeting of May 2010, the board approved an appropriation of $4.0 million from the 2009-10 operating surplus (the $4.0 million has not yet been transferred to the endowment balance pending decisions as to specific allocation).

Management will continue to monitor the status of individual endowments and will reassess the annual spending policy during 2010-11.

Capital Project Oversight

The capital building program underway at the U of S is unprecedented from a number of perspectives; size of the projects undertaken – Academic Health Science Centre; complexity – InterVac level 3 contamination facility; and impact on student experience – student residence project and Place Riel construction. Project oversight involves extensive commitment and diligence from staff, management and the board, beginning with concept development and ending with project close out once all funds are received and major deficiencies addressed. Throughout the life of projects, numerous controls are in place to ensure appropriate financial oversight, controls that include detailed budgets, process documentation, change order and contingency management, detailed reporting to staff and management, and summary reporting to the board.

In the current year, the following major projects were approved:

Edwards School of Business - Downtown Campus	Board 1/2	June 25, 2009
Heating Plant Feed Water Treatment Replacement/Expansion	Board 1	June 25, 2009
	Board 2	October 7, 2009
AHS - Heating Plant Feed Water Treatment Replacement/Expansion	Board 2A	April 5, 2010
College Quarter Undergraduate Student Residence	Board 2	October 7, 2009
Steam Distribution Replacement – Veterinary Road	Board 1/2	March 12, 2010
Agriculture Building Phytotron Infrastructure Renewal (full project)	Board 1	March 12, 2010
Agriculture Building Phytotron Infrastructure Renewal (Lighting Retrofit)	Board 2	March 12, 2010
Griffiths Stadium Huskie Clubhouse Expansion	Board 1	March 12, 2010
Marquis Hall Renewal – Phase 2, Stage 1-4	Board 1	March 12, 2010

In addition, the board reviewed reports pertaining to major projects for which construction activity continues, including:

Academic Health Sciences Project
InterVac
WCVM Expansion and Renovation
WCVM Diagnostic Renovation
College Quarter Undergraduate Student Residence
Core Area Revitalization – Space Relief Plan
Place Riel Student Centre Expansion/Renovation
Grains Innovation Laboratory
University Learning Centre/Library Transformation
Marquis Hall Renewal and Arts Building Food Services Outlet Upgrade
Campus-Wide Lighting Retrofit
Edwards School of Business Downtown Campus

Five construction cranes could be seen working on the University of Saskatchewan campus during the winter of 2010.

Managing Debt

Yet another outcome of the university's scenario analysis was crystallizing our understanding of our strong liquidity capacity (through the use of working capital from receiving primarily research funding in advance) and the magnitude of capital deficit risks that could be sustained. To take advantage of strategic opportunities in advance of all funding having been received, and to manage critical risks such as failure of an essential boiler, after careful consideration (and with board approval) management does initiate projects which, at inception, have not been fully funded by external parties.

During 2009-10, the following activities were undertaken:

- A revised Internal Loan Policy was approved effective January 1, 2010. This policy enables the university to use its own resources to allow colleges and administrative units to take advantage of opportunities and to minimize the institutional cost of external borrowing, subject to an approved repayment plan. As an example, during the year, an internal loan of $2.8 million was approved for Marquis Hall renewal. This means that much-needed renovations to food service areas can be undertaken this summer and will benefit the student experience when classes for most students resume in the fall. As at April 30, 2010, there was $17.9 million outstanding in internal loans. Interest paid by colleges/units forms part of the university's operating fund earnings, and provides a means of diversifying the investment asset mix and stabilizing investment flows to the operating fund. Rather than investing in infrastructure of other universities/municipalities, etc., the university is investing in its own.

- Another component of capital project oversight is securing adequate funding, and during 2009-10, required funding was obtained for a number of projects, including the Intervac project and the College Quarter Undergraduate Residence project. Capital deficits are closely monitored by the project managers and governance committees. In addition, a capital deficits report is reviewed annually by the board. As at April 30, 2010, the capital deficits arising from major projects was $42.9 million. The estimated opportunity cost of the resulting lost interest to investment income is about $1.3 million. Within the university's financial statements, these deficits are offset by funds available in other projects, with the result that total capital funds (designated for specific projects) of $93.7 million are available at April 30, 2010.

The university has used external debt to finance capital projects, including an annual approval of borrowing room by the Province of Saskatchewan for sustaining capital. At year-end, the board reviewed a report of outstanding external debt, which indicated debt of $37.8 million compared to maximum debt capacity of $150 million (as calculated in accordance with debt ratios).

Looking Ahead

As evidenced by the progress report on the Second Integrated Plan, considerable energy was directed to ensure advancements in all 20 of the plan's strategic commitments. Through the leadership, innovation and creativity of many dedicated faculty and staff, sustained and marked progress on all commitments will continue. There are several projects that have commenced during the year and that will result in dramatic change for the university and improved stewardship, including:

- Development of a new resource allocation model intended to replace the largely historic and incremental approach to budgeting. During 2009-10, principles that will support the model were developed, and research undertaken to consider best features of models used at other universities.
- A process improvement assessment of university-wide business processes and services was undertaken. During 2009-10, the scope of the project was determined and governance framework established. The project will identify opportunities for service enhancement and cost savings and ensure that resources are being used to their advantage.

Oversight of Non-Financial Risks

As illustrated by the foregoing discussion, significant management and board attention has been devoted to oversight and management of the university's financial resources. There are many other risks which require continuous monitoring.

To ensure oversight and management of enterprise risks, the complete enterprise risk register is reviewed semi-annually with an update of the top 10 risks conducted quarterly. The board continued the process begun during 2008-09, whereby a presentation of one of the organization's top 10 risks is provided at each meeting. Presentations on the following risks and mitigation strategies were provided during 2009-10: enrolment risk; fraud risk; pandemic planning; major information technology disruptions; and labour relations.

Financial Highlights

Financial Position ($ millions)
For the Year Ended April 30

	2010	2009	2008	2007	2006
Assets					
Cash (Bank indebtedness)	$ 23.3	$ (0.2)	$ 10.4	$ 40.0	$ 28.7
Accounts receivable (including long-term)	160.2	162.2	153.1	93.9	108.3
Long-term investments	625.6	623.6	562.4	556.5	506.5
Pension and long-term disability plan	-	28.0	52.1	47.5	58.2
Capital assets	1,042.5	909.3	811.1	745.8	673.4
All other	28.8	18.0	16.9	16.7	16.2
Total Assets	**$ 1,880.4**	**$ 1,740.9**	**$ 1,606.0**	**$ 1,500.4**	**$ 1,391.3**
Liabilities & Fund Balances					
Accounts payable and accrued liabilities	$ 73.7	$6 1.0	$ 52.9	$ 68.5	$ 51.2
Employee benefit liabilities (including long-term)	17.1	13.3	13.1	12.6	13.8
Unearned fees and deferred revenue	44.5	19.2	16.0	9.9	8.2
Loans and long-term debt	41.2	43.8	36.8	30.9	27.4
Other liabilities	3.9	3.8	2.9	2.7	2.6
Pension and long-term disability plans	27.5	-	-	-	-
Total Liabilities	**207.9**	**141.1**	**121.7**	**124.6**	**103.2**
Fund balances - externally restricted	458.5	482.3	474.3	413.1	399.3
Fund balances - internally restricted	203.8	245.6	235.5	244.9	238.0
Invested in capital assets	997.5	862.9	771.6	712.5	644.1
Unrestricted	12.7	9.0	2.9	5.3	6.7
Total Fund Balances	**1,672.5**	**1,599.8**	**1,484.3**	**1,375.8**	**1,288.1**
Total Liabilities & Fund Balances	**$ 1,880.4**	**$ 1,740.9**	**$ 1,606.0**	**$ 1,500.4**	**$ 1,391.3**

Building Our Infrastructure

Growth in assets by 35 per cent to $1.9 billion over the past five years, with 8 per cent in 2009-10, reflects the construction activity on campus. Current year capital assets growth of $133.2 million includes completed projects such as the WCVM expansion and renovation project ($61.2 million with partial funding from Agriculture and Agri-Food Canada), Crop Science field laboratory ($6.9 million) and acquisition of the Vienna property (location of Edwards School of Business downtown campus) through the Nasser donation. Capital asset investment also includes work-in-progress activity and infrastructure expenditures for projects not yet completed including Academic Health Sciences ($59.1 million) and InterVac ($57.8 million).

Long-term investments growth is related to an increase in investment earnings ($51.2 million), largely offset by the use of capital funds as construction activity progresses on a number of major projects. Capital funds decreased by over $50.0 million during the year to $93.7 million at year-end. Long-term investments include endowment funds and research funds received in advance and operating funds.

The strength of our balance sheet is also evident based on a review of liabilities. Unprecedented capital expansion has been accomplished with a minimal increase of $13.8 million (over the five-year period) in loans and long-term debt, to $41.2 million.

Another indicator of the investment markets is the pensions and long-term disability plans' valuation, which has decreased by $55.5 million, from an asset of $28.0 million to now reflecting a liability of $27.5 million. The financial statement valuation for these plans is closest to the going-concern valuation for funding purposes discussed in a previous section of this report. Because of the unusually high discount rate used (as prescribed by actuarial standards) to value the pension plan liabilities at April 30, 2009, the full effect of the pension financial problem was not apparent until this 2009-10 fiscal year. The pension financial challenge now reflected in our financial statements parallels the pension funding challenge.

Building our Capacity

The university's fund balances, or "net worth", has increased by $72.7 million from the prior year, with the increase resulting from our investment in capital assets, which has increased by $134.6 million. This increase has been partially offset by a decrease in restricted funds of $65.6 million, while there is also an increase in unrestricted funds of $3.7 million.

The following table provides an overview of the revenues, expenses and fund balances (net assets) for the year by major fund category.

Appendix 1
University of Saskatchewan
Consolidated Statement of Operations and Changes in Fund Balance (millions)
For the Year Ended April 30, 2010

Cons. | G | R | E

Fund	Revenue	Expenditure	Interfund Transfer	Net Increase (Decrease)	Fund Balance April 2009	Fund Balance April 2010
General						
Operating (Appendix 2)	$ 489.3	$ 519.2	$ (14.6)	$ (44.5)	$ 193.7	**$ 149.2**
Ancillary	52.9	33.2	(20.8)	(1.1)	(1.7)	**(2.8)**
Restricted						
Capital	51.9	64.5	95.4	82.8	1,008.5	**1,091.3**
Research	185.7	102.3	(74.9)	8.5	212.2	**220.7**
Student Financial Aid	8.7	16.2	10.2	2.7	26.3	**29.0**
Endowment	19.6	-	4.7	24.3	160.9	**185.2**
	$ 808.1	**$ 735.4**	-	**$ 72.7**	**$ 1,599.9**	**$ 1,672.6**

Ancillary Funds
($2.8 million)

The negative balance in ancillary funds at year-end is primarily related to our utilities operation and capital asset expenditures on infrastructure which will be funded over time. The negative balance also results from internal loan obligations for capital projects including the current year loan for Marquis Hall renovation of $2.8 million. Ancillary revenue includes the Nasser gift-in-kind donation of $12.0 million for two properties.

Capital Fund
$1,091.3 million

The balance at year-end includes $997.5 million in capital assets (land, buildings, construction in progress, etc.) and $93.8 million in funds available, which are committed for specific capital projects including the Academic Health Science project with a $70.8 fund balance (this represents the net amount of provincial funds received of $163.2 million, less project expenditures to date).

In accordance with Generally Accepted Accounting Principles (GAAP), the university's capital assets are carried at amortized historical cost. Based on an inventory of major capital assets and assessment at market, the current replacement cost of the university's assets would be in the order of $5.0 billion as at April 30, 2010.

This amount excludes the value of land, in which the university has a significant unrecognized asset. The university's land holdings comprise nearly 18 per cent of the land within a 5 km radius of downtown Saskatoon. During the year, the board considered a major report, Vision 2057, assessing university lands and considering their use for the next 50 years. A designation system was approved for core and endowment lands to ensure that university lands are used strategically.

Also excluded from the financial statements is the estimated cost of deferred maintenance on buildings and infrastructure currently estimated at $600.0 million, of which $250.0 million is considered critical.

Research Fund
$220.7 million

The fund balance represents grants received or receivable but not yet expended in accordance with the terms of the award or agreement. The university's success in research competitions is evident in its continued significant support from funding agencies. The increase of $8.5 million in the fund balance from the prior year is related to a combination of increased funding from prior year's level and relatively constant expenditures. As the university follows the restricted fund method for revenue recognition, most research revenue is recognized in advance as contracts are signed or as grants are awarded. A significant portion of the fund balance relates to Canada Foundation for Innovation (CFI) funding which will be accessed over the next few years as project expenditures are incurred.

Student Financial Aid Fund
$29.0 million

The student financial aid fund enables the university to capture activities that support scholarship and financial aid programs. The balance represents unspent funds targeted for student financial aid that have not been designated either externally or internally as an endowment.

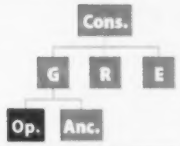
Endowment
$185.2 million

Endowment funds represent the accumulation of donations and investment earnings whereby the donor has requested that the fund principal be maintained in perpetuity, with investment earnings used to support annual expenditures. For the year, these funds have increased by $24.3 million, primarily as a result of investment income for the year of $16.7 million, resulting largely from long-term pool earnings of 12.7 per cent in the current year (compared to the prior year, negative 17.3 per cent).

Operating Funds
$149.2 million

Appendix 2

University of Saskatchewan Consolidated Statement of Operations and Changes in Fund Balance (millions) – Operating Fund
For the Year Ended April 30, 2010



					Fund Balance	
Operating Fund	**Revenue**	**Expenditure**	**Interfund Transfer**	**Net Increase (Decrease)**	**April 2009**	**April 2010**
Operating Budget and Reserve	$ 345.3	$ 317.6	$ (3.1)	$ 24.6	$ 84.9	**$ 109.5**
Externally Funded [1]	79.9	73.5	(7.6)	(1.2)	19.7	**18.5**
Future Employee Benefits [2]	1.1	58.7	0.1	(57.5)	27.1	**(30.4)**
Non-Credit Instruction and Events [3]	4.7	4.7	0.2	0.2	2.1	**2.3**
Fee for Service [4]	39.9	49.3	10.6	1.2	11.5	**12.7**
Special Projects [5]	13.3	12.7	(3.1)	(2.5)	46.1	**43.6**
Subsidiaries [6]	5.1	2.7	(11.7)	(9.3)	2.3	**(7.0)**
	$ 489.3	**$ 519.2**	**$ (14.6)**	**$ (44.5)**	**$ 193.7**	**$ 149.2**

(1) e.g. Athletics, clinical services, dental clinic, VIDO
(2) e.g. Defined benefit pension plans, long-term disability, vacation pay accrual, assisted early retirement
(3) e.g. Continuing education, public lectures, conferences
(4) e.g. Clinical practice plan, business advisory services
(5) Funds in special projects are under review for possible reallocation within the fund structure
(6) e.g. Canadian Light Source, Prairie Swine Centre

The operating budget and reserve balance of $109.5 million (foregoing table) includes the operating reserve of $15.5 million (about four per cent of operating budget expenses) which has increased by $4.7 million in 2009-10. This result is net of board-approved allocations of $4.0 million to support "underwater" endowments, which have suffered permanent impairment (decisions regarding specific allocations are pending in 2010-11). The result is also net of an allocation of $4.0 million to the Academic Priorities Fund to be used for capital projects that support the student experience. The result is also net of an allocation to capital of $3.0 million to replenish the annual sustaining capital allowance (the sustaining capital grant from the province for 2010-11 will be reduced by $7.0 million from the level provided in 2009-10, making the internal allocation of funds critical). During 2009-10, operating funds were used to provide $1.9 million in transition funding to support colleges and units.

Operating funds were available to accomplish the initiatives described in the previous paragraph primarily because of the following factors which resulted in a positive year-end surplus: increased investment earnings (markets rebounded more quickly than anticipated resulting in a favourable variance of $8.4 million); a pension payment variance of $4.1 million (primarily as a result of legislative change as discussed in a previous section); increased tuition revenue of $2.3 million (largely as a result of enrolment increases); and a favourable variance in utilities of $1.7 million (result of more favourable weather conditions and reduced natural gas cost).

The operating budget and reserve balance also includes college/administrative unit funds that have increased by $6.1 million to $48.6 million. These funds are at a point in time, and there are internal commitments against them including major project funding.

Institutional operating funds have increased by $7.3 million to $26.3 million, and include the Academic Priorities Fund with a balance of $15.5 million. This fund is used to support strategic initiatives of the institution. (www.usask.ca/ip/inst_planning/major_planning/budget/academic_priorities.php).

The operating reserve level as at April 30, 2010 of $15.5 million is at the high end of the range (the board-approved level for the operating reserve is between one and four per cent of operating expenses). During the year, the board considered a document

providing rationale for maintenance of the operating reserve at about three per cent in the longer term. In view of the continued unease in the global economy, volatility in the markets and in particular, the uncertainty regarding additional pension payments, it was determined that the reserve be maintained at the four per cent level in the short term. This level of reserve may cushion the blow of future adverse investment returns or other unfavourable outcomes. In addition, it may provide much needed one-time flexibility to assist colleges and units with implementation of budget adjustments during 2010-11.

Determining the appropriate level of operating reserve is a delicate balance between ensuring sufficient funds to cushion against adverse future events by allowing time to respond strategically, and ensuring that public funds are deployed and utilized to their best advantage in supporting programs and operations. The university has a history of closely managing budgets with year-end budget variances generally between one and two per cent of annual operating expenditures.

	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Budget										
Expenditure ($M)	205	225	231	260	263	274	294	311	337	362
Surplus/Deficit ($M)	4.3	1.0	0.6	-	(2.5)	0.1	2.4	-	-	(0.9)
Actuals*										
Variance ($M)	3.1	4.8	4.0	4.7	2.2	3.1	4.3	8.7	6.0	18.6
Variance (%)	1.5	2.1	1.7	1.8	0.8	1.1	1.5	2.8	1.8	5.1
Reserves**										
Opening Balance	(0.2)	4.1	5.1	5.7	5.7	3.2	3.3	6.1	6.7	10.8
Closing Balance	4.1	5.1	5.7	5.7	3.2	3.3	6.1	6.7	10.8	15.5

*Before year-end allocations/appropriations
** After year-end allocations/appropriations

Operating Results

Financial Operating Results ($ millions)
For the Year Ended April 30

	2010	2009	2008	2007	2006
Revenue					
Grants and Contracts – Government of Saskatchewan	$ 352.8	$ 444.9	$ 314.9	$ 302.2	$ 355.6
Student Fees	96.5	90.6	89.2	88.0	86.8
Sales of Services, Products and Other	83.9	86.0	79.8	79.1	85.3
Grants and Contracts – Government of Canada	123.7	84.4	74.9	68.2	63.6
Other Governments and Other Grants	57.2	69.0	99.1	50.7	60.0
Investment Income	51.2	(21.7)	6.8	43.4	21.7
Gifts, Grants and Bequests	27.7	20.5	37.8	29.2	17.7
Other Income	15.1	13.3	8.1	8.5	9.2
Total Revenue	**$ 808.1**	**$ 787.0**	**$ 710.6**	**$ 669.3**	**$ 699.9**

Strong financial support from the Government of Saskatchewan continued with provincial revenue comprising 44 per cent of total university revenue. Traditionally, provincial funding accounts for about 50 per cent of total revenue. Variability in annual funding is primarily related to capital project funding, with $100.0 million received in 2008-09 for the Academic Health Science project. With favourable results on the E-Wing tender, the province recovered $32.1 million during 2009-10 via a reduction in operating funding. Almost every provincial ministry provided funding to the university, with the operating grant from the Ministry of Advanced Education, Employment and Immigration (AEEI) comprising the largest component ($221.4 million). The 2009-10 operating grant

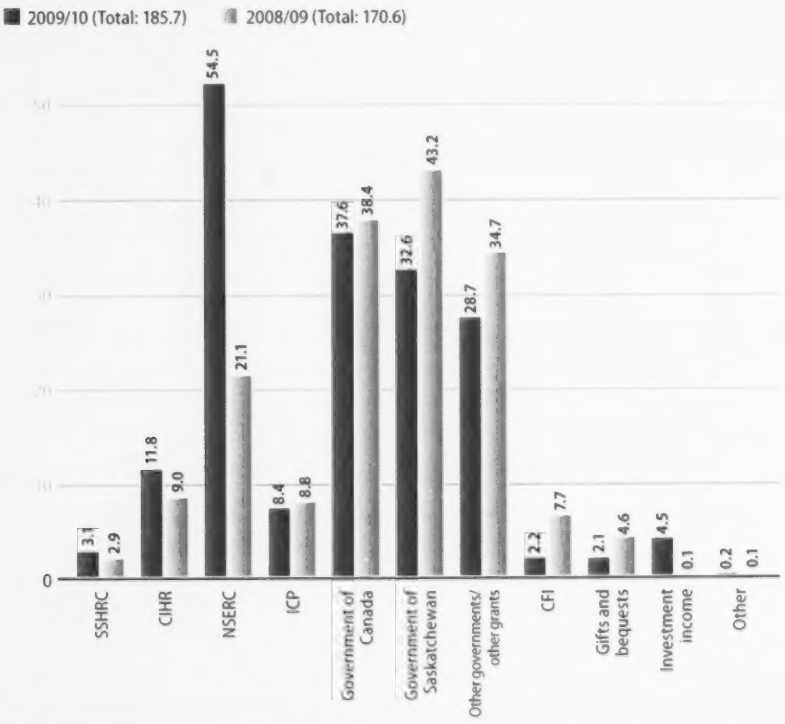
initially approved by the province included an increase of 10.1 per cent ($23.2 million), with 7.2 per cent economic increase and 2.9 per cent targeted funding for medicine and nursing program expansion.

Provincial funding was also received from the Ministry of Health ($56.4 million), which supports the Clinical Services Fund, Clinical Practice Plan, Northern Medical Services program and Saskatchewan Health Research Foundation projects. Increases from prior years include a $15.0 million grant ($6.5 million of this is accrued at year-end) from the Ministry of Social Services towards construction of a new 400-bed student residence building. In addition, capital funding from AEEI includes $22.6 million for the Knowledge Infrastructure Program (KIP). This is a federal stimulus program, and projects approved at the U of S include the WCVM diagnostics wing ($9.i million) and roof repair projects ($12.8 million).

Student fees have increased to $96.5 million due to both increasing enrolments and tuition increases which were held to an average of three per cent. Incremental funding was provided within the provincial operating grant to compensate for this lack of revenue increase, with the result being that for 2009-10, tuition and student fee revenue comprised 22 per cent of the operating budget (from a high of 30 per cent in 2004-05). During 2009-10, the board approved a tuition strategy with tuition rate increases to be based on principles of comparability, affordability, accessibility and quality.

Although the Government of Saskatchewan and other agencies provide research support, the Government of Canada provides the majority of funding for research through tri-agency grants and contracts as well as Canada Foundation for Innovation (CFI) support. Strong research revenue was again experienced; in fact, it increased to $185.7 million for the year, with increased support from Natural Sciences and Engineering Research Council (NSERC) (attributable to Canadian Light Source Major Facilities Access Grant with $19.6 million of this amount approved in the current year but relating to the prior year) and support from Western Economic Diversification for research projects including InterVac (a $140.0 million level three contamination laboratory building project).

Research Revenue by Source
For the Year Ended April 30, 2010 ($ millions)



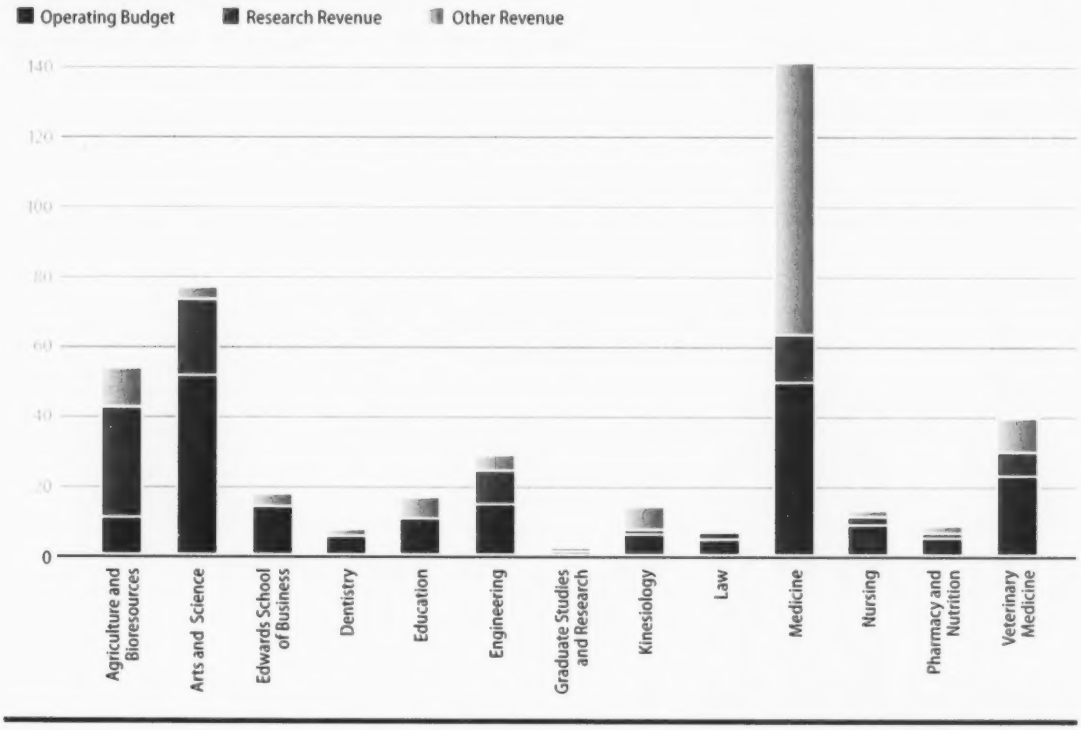
Investment income of $51.2 million has increased significantly from the previous year, with the change due to long-term pool investment earnings of about 12.7 per cent (compared to a 17.3 per cent loss in 2008-09). The university ensures that all available funds are invested primarily through the use of two pools (long-term pool and fixed income pool), which are managed by external professional investment managers. These investments are valued at market and influenced by market trends. Over the longer term, results compare favourably with those of other universities.

Gifts, grants and bequests include valued contributions of many donors, but one donation of $12.0 million from Dr. Kay Nasser is a truly transformative gift for the university with capacity to benefit students for years to come. Discussions are underway with the donor regarding specific uses of the funds, but may include the planned aboriginal student centre and an amenities building for students in residence.

Revenue Summarized by College

University programs and initiatives are often focused at the college level. Revenues by type (e.g. operating, research and other) are shown in the following graph:

Source of Revenue for Colleges
For the Year Ended April 30, 2010 ($ millions) (Total 420.3)



Expenses (Deployment of Resources)

Financial Operating Results ($ millions)
For the Year Ended April 30

	2010	2009	2008	2007	2006
Expenses					
Salaries and Employment Benefits	$ 492.0	$ 429.3	$ 372.2	$ 371.4	$ 320.4
Operational Supplies and Expenses	89.4	80.9	82.1	69.0	67.1
Cost of Goods Sold, Equipment Maintenance, Rental, Travel and Other	45.0	57.9	46.5	43.2	34.9
Scholarships, Bursaries and Prizes	28.6	27.2	26.3	25.9	24.8
Utilities	20.3	20.4	20.2	20.3	20.6
Amortization	60.1	55.7	53.2	51.8	49.4
Total Expenses	**$ 735.4**	**$ 671.4**	**$ 600.5**	**$ 581.6**	**$ 517.2**

Total expenses increased by $64.0 million or 9.5 per cent. This increase is due in part to the change in the university's accrued post-retirement and disability expenses of $32.3 million and a corresponding increase in employer benefit costs.

The university has two defined contribution plans, three defined benefit plans and a long-term disability plan. For the defined benefit plans, income and expenditure can fluctuate greatly from year to year based on pension plan investment returns and changes in actuarial assumptions. If the change in pension and disability plan expenses were factored out of the total expense for 2009-10 and 2008-09, then the year-over-year increase would be $28.6 million, or an increase of 4.4 per cent. This increase reflects escalation in salary and supply costs as well as growth, particularly in research activity.

Salaries and benefit expense, as a percentage of total expense, comprises the largest portion of our expenses at 66.9 per cent ($492.0 million). This compensation expense relates to about 8,000 staff, representing five bargaining units and exempt staff as well as honoraria expense (excluded in staff totals). Of the total compensation expense, salaries comprise $388.3 million, and benefits comprise $103.7 million. Salary expense from year-to-year reflects the results of collective bargaining agreements for the period, staff turnover and changes in staffing levels. The university's approach to collective bargaining is based on a board-approved strategic approach to compensation, which takes into consideration the principles of market and merit with the goal of being competitive and fiscally responsible.

At year-end, all collective agreements were current, with the exception of PAIRS.

- Faculty Association: July 1, 2009 – June 30, 2010 (ratified during 2009-10)
- Administrative and Supervisory Personnel (ASPA): May 1, 2008 – April 30, 2011 (ratified during 2008-09)
- CUPE 1975 (support staff): January 1, 2010 – December 31, 2012 (ratified March 2010)
- CUPE 3287 (sessional lecturers): May 1, 2008 – August 31, 2010 (ratified in 2008-09)
- PAIRS (interns and residents): January 1, 2006 – December 31, 2008 (ratified February 2007)

Benefit plan costs at $47.8 million (excluding the pension and other future benefit valuation adjustments) have increased moderately (by one-half per cent) to 12.3 percent of salary cost.

Scholarship, Bursaries and Prizes

Expense for the year of $28.6 million is comprised of both undergraduate ($9.9 million) and graduate student support ($18.7 million). Scholarships are funded by a variety of sources including endowments, research funding and the operating budget which funds about one-third of the cost ($10.3 million).

Utilities

Total utilities expense has remained at about the same level as prior year, primarily because of a decrease in the cost of natural gas as well as favourable weather conditions. At $20.3 million, utilities comprise a significant proportion of total expenses, with almost half of the expense related to sales to external customers, including sales to the Saskatoon Health Region.

Amortization

With the significant investment in capital assets of recent years, amortization expense has increased by almost 7.8 per cent, and accounts for 8.0 per cent of total expense.

Consolidated Financial Statements

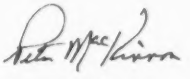
Statement of Administrative Responsibility for Financial Reporting

The administration of the university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the university as of April 30, 2010, and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Division.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2010 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under *The University of Saskatchewan Act, 1995*. The Auditor's Report outlines the scope of his examination and provides his opinion on fairness of presentation of the information in the financial statements.



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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the University of Saskatchewan as at April 30, 2010 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 29, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

Statement 1

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Financial Position
as at April 30, 2010 ($ thousands)

	General	Restricted	Endowment	Total 2010	Total 2009
Current Assets					
Cash (Bank indebtedness) (Note 6)	$ (73,713)	$ 96,375	$ 674	$ 23,336	$ (212)
Accounts receivable (Note 7)	24,726	119,567	-	144,293	144,563
Inventories (Note 8)	13,832	1	-	13,833	13,728
Prepaid expenses	1,923	-	-	1,923	1,871
	(33,232)	215,943	674	183,385	159,950
Long-Term Assets					
Long-term accounts receivable (Note 9)	90	15,856	-	15,946	17,590
Long-term investments (Note 6)	298,646	143,194	183,731	625,571	623,583
Other assets	10,719	1,518	756	12,993	2,508
Pension and long-term disability plans (Note 10)	-	-	-	-	27,965
Capital assets (Note 11)	-	1,042,515	-	1,042,515	909,331
	309,455	1,203,083	184,487	1,697,025	1,580,977
	$ 276,223	$ 1,419,026	$ 185,161	$ 1,880,410	$ 1,740,927
Current Liabilities					
Accounts payable and accrued liabilities	$ 41,888	$ 31,773	$ -	$ 73,661	$ 61,025
Employee benefit liabilities (Note 12)	13,172	1,204	-	14,376	13,257
Unearned fees and other deferred revenue	44,479	-	-	44,479	19,177
Loans (Note 13)	-	39,187	-	39,187	38,633
Current portion of long-term debt (Note 14)	19	148	-	167	3,053
	99,558	72,312	-	171,870	135,145
Long-Term Liabilities					
Long-term debt (Note 14)	126	1,736	-	1,862	2,132
Employee benefit liabilities (Note 12)	2,738	-	-	2,738	32
Pension and long-term disability plans (Note 10)	27,461	-	-	27,461	-
Accrued decommissioning costs (Note 15)	-	3,949	-	3,949	3,769
	30,325	5,685	-	36,010	5,933
Fund Balances					
Externally restricted funds (Note 17)	-	306,265	152,219	458,484	482,274
Internally restricted funds (Note 18)	133,620	37,268	32,942	203,830	245,666
Invested in capital assets	-	997,496	-	997,496	862,882
Unrestricted funds	12,720	-	-	12,720	9,027
	146,340	1,341,029	185,161	1,672,530	1,599,849
	$ 276,223	$ 1,419,026	$ 185,161	$ 1,880,410	$ 1,740,927

Commitments and Contingencies (Note 20)
See accompanying notes and schedules to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2010 ($ thousands)

	General	Restricted	Endowment	Total 2010	Total 2009
Revenues					
Grants and contracts					
Government of Canada	$ 5,502	$ 118,124	$ -	$ 123,626	$ 84,430
Government of Saskatchewan	277,382	75,340	-	352,722	444,920
Other governments	17,908	3,238	-	21,146	17,858
Non-government	7,952	28,118	-	36,070	51,142
Student fees	96,511	1	-	96,512	90,627
Gifts, grants and bequests	18,706	6,150	2,870	27,726	20,529
Sales of services and products	83,776	152	-	83,928	85,908
Income from investments	19,548	14,986	16,697	51,231	(21,664)
Real estate income	3,081	87	-	3,168	2,491
Miscellaneous income	11,803	91	-	11,894	10,741
	542,169	246,287	19,567	808,023	786,982
Expenses					
Salaries	331,384	56,869	-	388,253	363,817
Employee benefits	98,789	4,920	-	103,709	65,512
Operational supplies and expenses	61,149	28,276	3	89,428	80,975
Travel	9,997	6,080	-	16,077	16,570
Cost of goods sold	19,355	-	-	19,355	21,744
Maintenance, rental and renovations	8,169	922	-	9,091	13,479
Utilities	20,222	39	-	20,261	20,381
Amortization	-	60,013	-	60,013	55,677
Scholarships, bursaries and prizes	2,956	25,614	-	28,570	27,209
Interest	7	(158)	-	(151)	5,167
Bad debt expense	400	(5)	-	395	653
Decommissioning costs (Note 15)	-	341	-	341	263
	552,428	182,911	3	735,342	671,447
Net revenues (expenses)	(10,259)	63,376	19,564	72,681	115,535
Interfund transfers (Note 24)	(35,321)	30,651	4,670	-	-
Net increase (decrease) in fund balances for year	(45,580)	94,027	24,234	72,681	115,535
Fund balances, beginning of year	191,920	1,247,002	160,927	1,599,849	1,484,314
Fund balances, end of year	$ 146,340	$ 1,341,029	$ 185,161	$ 1,672,530	$ 1,599,849

See accompanying notes and schedules to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN **Statement 3**

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2010 ($ thousands)

	General	Restricted	Endowment	Total 2010	Total 2009
Cash flows from operating activities					
Cash received from Government of Canada	$ 3,247	$ 102,607	$ -	$ 105,854	$ 88,585
Cash received from Government of Saskatchewan	303,565	85,561	-	389,126	433,668
Cash received from other governments	18,151	3,447	-	21,598	18,104
Cash received from non-government	8,135	33,901	-	42,036	55,410
Cash received from student fees	96,922	1	-	96,923	90,941
Cash received from gifts, grants and bequests	5,909	5,279	-	11,188	12,238
Cash received from sales of services and products	83,549	152	-	83,701	83,634
Cash received from miscellaneous income	11,537	1,653	-	13,190	11,300
Cash paid for salaries and benefits	(371,607)	(61,670)	-	(433,277)	(404,233)
Cash paid for non-salary expenditures	(118,768)	(61,540)	(3)	(180,311)	(175,957)
Cash generated from (used for) operating activities	40,640	109,391	(3)	150,028	213,690
Cash flow from financing and investment activities					
Cash received from income from investments	10,248	6,264	5,526	22,038	23,568
Contributions of cash for endowments	-	-	2,640	2,640	2,755
Cash received from real estate income	3,081	87	-	3,168	2,491
Cash received from debt financing	-	4,700	-	4,700	5,625
Debt financing repayments	(993)	(2,162)	-	(3,155)	(1,773)
Purchase of capital assets	-	(183,695)	-	(183,695)	(154,198)
Purchase of other asset	(3,908)	-	-	(3,908)	
Purchase of investments (net)	(23,452)	68,214	(13,030)	31,732	(102,782)
Cash used for financing activities	(15,024)	(106,592)	(4,864)	(126,480)	(224,314)
Net increase (decrease) in cash	25,616	2,799	(4,867)	23,548	(10,624)
Interfund transfers	(28,768)	24,794	3,974	-	-
Cash (bank indebtedness), beginning of year	(70,561)	68,782	1,567	(212)	10,412
Cash (bank indebtedness), end of year	$ (73,713)	$ 96,375	$ 674	$ 23,336	$ (212)

See accompanying notes and schedules to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended April 30, 2010
(THOUSANDS OF DOLLARS)

1. Authority and Purpose

"The University of Saskatchewan" (University) is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the university is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The university is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- Agricoll Research Investments Inc., a wholly owned subsidiary of the University. Through Agricoll, the university of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- Agrivita Canada Inc., a non-profit corporation incorporated under the *Canada Corporations Act* whose sole member is the University of Saskatchewan. The company promotes, targets, and funds research, training, and service initiatives in various disciplines for purposes related to agricultural health and safety for industry and farm workers, rural residents and families, and the impact of agricultural activities on the general public.
- Canadian Light Source Inc. (CLSI), a non-profit corporation whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university's synchrotron light facility, its operation and performance.
- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university. The company participates in real estate investment activities.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under *The Crown Foundation Act of Saskatchewan*. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.
- 7541457 Canada Inc. a wholly owned subsidiary of the university incorporated under the *Canada Corporations Act* for the commercialization of technology developed by researchers in the University of Saskatchewan Toxicology Centre.

b) Fund accounting

The university follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

b) Fund accounting (continued)

The university has classified accounts with similar characteristics into major funds as follows:

i) The General Fund is unrestricted and accounts for the university's program delivery, service and administrative activities. This fund is further classified as Operating and Ancillary.

The Operating Fund accounts for the university's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.

The Ancillary Fund provides goods and services to the university community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

ii) The Restricted Fund carries restrictions on the use of resources for particular defined purposes. This fund is further classified as Capital, Research and Student Financial Aid.

The Capital Fund accounts for the acquisition of capital assets, major renovations and improvements to capital assets.

The Research Fund accounts for activities in support of research.

The Student Financial Aid Fund accounts for activities in support of students.

iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation. The amount recapitalized each year will vary from year to year with variability in annual investment returns, but over time it is intended that the recapitalized amount will offset the cumulative effect of inflation.

c) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants subject to an external annual appropriation process will be recognized in accordance with the funder's appropriation.

Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

Student fees are recognized as revenue in the year courses and seminars are held. Sales of services and products are recognized at the time of sale or when the service has been provided.

Unrestricted contributions are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

Sales of services and products are recorded as revenue in the General Fund at time of sale or when the service has been provided.

Investment returns are recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate Fund according to the restrictions mandated.

Real estate and miscellaneous income, as follows, is recorded as revenue when received or receivable, if the amount to be

c) Revenue recognition (continued)

received can be reasonably estimated and collection is reasonably assured:

- Unrestricted income is recorded in the General Fund.
- Restricted income is recognized as revenue of the appropriate restricted fund.

d) Contributed services and materials

These financial statements do not report the value of contributed volunteer hours as the fair value of such is not practically determinable. Gifts-in-kind are recorded where a formal valuation has been made.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations, plan assets, real estate values, decommissioning costs and provision for claims payable.

f) Capital assets

Purchased and constructed capital assets are recorded at cost. Capital assets which are constructed by the university are recorded as Construction in Progress until the capital asset is put into use. The university reports donated capital assets at fair market value upon receipt. With the exception of library collections, collections are not capitalized or amortized. All additions to collections are expensed in the year acquired. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as shown below. Amortization is not provided on projects in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in i) Decommissioning obligation, below.

Buildings	40 years
Canadian Light Source Inc. (CLSI) Facility retirement costs	30 years
Site improvements	20 years
Computers	3 years
Equipment and furnishings	3 to 10 years
Library materials	10 years

g) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at market value. Market is defined as market quotations for livestock and replacement cost for other farm products.

h) Employee future benefits and pensions

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise.

h) Employee future benefits and pensions (continued)

Employee future benefits other than pensions represent medical and dental care and life insurance commitments to certain employees and retirees, long- and short-term disability payments and compensated absences. The university accrues its obligations under these plans.

i) Decommissioning obligation

CLSI recognizes obligations for future decommissioning site restoration costs in the period during which they occur. The associated facility retirement costs are capitalized as a part of the carrying amount of the asset and amortized over its useful life. The liability and related asset are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

j) Financial instruments

The university classifies all financial instruments as held to maturity, available for sale, held for trading, loans and receivables or other financial liabilities, in accordance with Section 3855, Financial Instruments — Recognition and Measurement, and related sections of the *Canadian Institute of Chartered Accountants (CICA) Handbook*. Financial instruments classified as available for sale are measured at fair value with unrealized gains and losses recorded as a direct increase or decrease to fund balances. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the Consolidated Statement of Operations. Financial instruments classified as held to maturity, loans and receivables or other financial liabilities are measured at amortized cost.

The university's financial instruments are classified and measured as follows:

Assets/Liabilities	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized Cost
Investments, short-term and long-term	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized Cost
Employee benefit liabilities	Other liabilities	Amortized Cost
Loans	Other liabilities	Amortized Cost
Interest rate swaps	Held for trading	Fair value
Long-term debt, including current portion	Other liabilities	Amortized Cost

As allowed under Section 3855.07A Financial Instruments — Recognition and Measurement, the university, as a not-for-profit organization, has chosen to not apply this Section to the following areas, defined by the Handbook:

- derivatives embedded in leases;
- derivatives embedded in insurance contracts;
- contracts and obligations for stock-based payments in which the entity receives or acquires goods or services to which Section 3855 otherwise applies;
- contracts to buy or sell a non-financial item including derivatives embedded therein; or
- derivatives embedded in contracts to buy or sell a non-financial item in accordance with the university's expected purchase, sale or usage requirements.

As a not-for-profit organization, the university has chosen to continue applying CICA Handbook Section 3861 Financial Instruments — Disclosure and Presentation, in place of Section 3862 Financial Instruments — Disclosure and Section 3863 Financial Instruments — Presentation.

k) Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans, in its management of exposure to fluctuations in interest rates. Derivative financial instruments are adjusted to fair value on a monthly basis with the change in fair value recorded in the statement of operations. See Note 13 and Note 26, below.

3. Disclosure of Other Significant Relationships

Prairie Diagnostic Services is a not-for-profit corporation owned by the Province of Saskatchewan and the University of Saskatchewan. The laboratory operating in Saskatoon provides veterinary diagnostic services and animal health care and supports the training of undergraduate and graduate veterinarians at the Western College of Veterinary Medicine.

The Saskatchewan Food Industry Development Centre Inc. is a not-for-profit organization owned by the Ministry of Agriculture, the Saskatchewan Food Processors Association and the University of Saskatchewan. It is a federally inspected food manufacturing facility that aids in the development of value-added processing in Saskatchewan.

The University of Saskatchewan is the host institution for PREVENT (Pan-Provincial Vaccine Enterprise), a not-for-profit organization formed to promote the commercialization of Canada's vaccine industry. PREVENT's founding institutions are the University of Saskatchewan, the B.C. Centre for Disease Control (BCCDC) and the Canadian Centre for Vaccinology.

All transactions with the above organizations are accounted for at cost in university financial statements.

4. Accounting Policy Changes

Accounting Standards that Apply only to Not-for-Profit Organizations

Applicable to financial statements beginning on or after January 31, 2009, specifically May 1, 2009 for the university, the CICA amended Section 4400, Financial Statement Presentation for Not-for-Profit Organizations, Section 4430, Capital Assets Held by Not-for-Profit Organizations, Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations and issued Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. At the same time Sections 1540, Cash Flow Statements and Section 1751, Interim Financial Statements were amended to include not-for-profit organizations within their scope. EIC-123, Reporting Revenue Gross as a Principal Versus Net as an Agent, was amended as a result of changes to Section 4400. The university accordingly modified procedures to ensure accurate identification of its role, in agreements, as principal or agent so that revenue is appropriately reported gross (if principal) or net (if agent).

Amendments to Section 4400 eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.

Amendments to Section 4430 provide additional guidance with respect to the appropriate use of the scope exemptions for smaller entities.

Amendments to Section 4460 make the language in the Section consistent with Section 3840, Related Party Transactions.

Section 4470 sets forth requirements for entities that allocate their fundraising and general support expenses to other functions, to disclose fee policies adapted for the allocation, the nature of the expenses being allocated and the basis on which such allocations have been made. The Section requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

The university has chosen to continue to identify net assets invested in capital assets as a separate component of fund balances. Internal processes were reviewed to ensure compliance with applicable amendments. The changes had no material impact on the financial results of the university.

5. Future Changes in Accounting Policies

a) Consolidated Financial Statements and Non-Controlling Interests

For fiscal years beginning on or after January 1, 2011, Section 1601, Consolidated Financial Statements and Section 1602 Non-controlling Interests will replace current Section 1600, Consolidated Financial Statements. These new standards are expected to effectively harmonize Canadian standards with the revised IFRS 3, Business Combinations, and revised IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries issued in 2008. The university does not expect the new standards to have an impact on the financial results of the university.

b) Financial Reporting Standards for Not-For-Profit Organizations

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for publicly accountable enterprises (PAEs) are expected to converge with International Financial Reporting Standards (IFRS) with January 1, 2011 as the changeover date.

A not-for-profit organization (NPO) can choose to apply IFRS if doing so meets the needs of its financial statement users. However, if a NPO chooses not to apply IFRS, the future standards applicable to NPOs remain undecided.

To determine the future of standards for NPOs, an Invitation to Comment (ITC) was issued jointly by the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) with comments requested by June 2009. The AcSB deliberated on the comments received at its September 2009 meeting and at its October 2009 meeting approved the development of an Exposure Draft (ED).

In March 2010 the AcSB and the PSAB each issued EDs that were open for comment until July 15, 2010. The AcSB proposes to issue Part III of the CICA Handbook – Accounting (Handbook) as accounting standards for not-for-profit organizations in the private sector. In its ED, PSAB proposes to incorporate into the PSA Handbook, the 4400 series from the CICA Handbook, which would then be applicable to government not-for-profit organizations.The new standards are expected to be developed in time for application to fiscal periods beginning on or after January 1, 2012.

Until the new direction for accounting standards is established, the existing CICA Handbook – Accounting Standards has been maintained for use by NPOs.

6. Cash and Investments

Short-term investments are invested in high quality Canadian money market instruments.

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year.

The primary objective of the university's investment mix is to ensure the safety of principle, maintain sufficient liquidity for operating purposes and maximize earnings for the Funds, at an acceptable risk level.

	2010	2009
Cash (Bank indebtedness)	$ 23,336	$ (212)
Fixed income	444,027	472,553
Canadian equities	59,229	54,239
Foreign equities	115,422	87,768
Real estate	6,893	9,023
	648,907	**623,371**
Add/Less amounts reported as:		
Cash (Bank Indebtedness)	23,336	(212)
	$ 625,571	**$ 623,583**

7. Accounts Receivable

Accounts Receivable are comprised of the following:

	2010	2009
General	$ 13,548	$ 8,746
Investment income	3,318	5,205
Grants and contracts related to general funds	1,043	3,001
Grants and contracts related to student financial aid	862	955
Grants and contracts related to research	96,470	98,107
Grants and contracts related to capital	19,568	15,324
Other restricted	2,596	4,071
Other unrestricted	4,422	6,254
Student fees	4,214	4,796
Student loans	28	20
Allowance for doubtful accounts	(1,776)	(1,916)
	$ 144,293	**$ 144,563**

8. Inventories

	2010			2009		
	Beginning of Year	Net Change	End of Year	Beginning of Year	Net Change	End of Year
College of Agriculture and Bioresources	$ 1,447	$ 38	$ 1,485	$ 1,357	$ 90	$ 1,447
College of Dentistry	369	(20)	349	322	47	369
College of Veterinary Medicine	624	67	691	642	(18)	624
Other Units						
Consumer Services	4,770	241	5,011	3,671	1,099	4,770
Facilities Management Division	2,063	525	2,588	1,621	442	2,063
Vaccine and Infectious Disease Organization (VIDO)	173	(26)	147	231	(58)	173
Other	388	3	391	443	(55)	388
Subsidiaries						
CLSI	3,243	(292)	2,951	2,724	519	3,243
Prairie Swine	651	(431)	220	978	(327)	651
	$ 13,728	**$ 105**	**$ 13,833**	**$ 11,989**	**$ 1,739**	**$ 13,728**

9. Long-Term Accounts Receivable

Long-term accounts receivable reflect the fair value of non-government grants receivable in subsequent years, as follows:

	2010	2009
2010	$ -	$ 41
2011	-	7,209
2012	9,850	7,093
2013	4,117	2,179
2014	1,134	385
2015	307	195
2016	205	195
2017	205	195
2018	108	98
2019	10	-
2020	10	-
	$ 15,946	**$ 17,590**

10. Pension and Long-Term Disability Plans

The university sponsors both defined benefit and defined contribution pension plans. The university and employees contribute in equal amounts to most of the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the university to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees' pensionable earnings.

The total expense included in employee benefits for the university's defined contribution plans for the year is $14,154 (2009 - $12,662).

Aggregate information about the university's defined benefits plans is in the table below. The information provided does not encompass all benefit plans in the university, but only those plans for which an actuarial liability exists. The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations is December 31, 2009 (extrapolated to April 30, 2010).

The long-term disability plan is a self-insured program providing benefits for academic, administrative, research and other designated employees who have not attained the normal retirement age. The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations is December 31, 2009 (extrapolated to April 30, 2010).

	2010			2009		
	Pension Plans	Long-Term Disability Plan	Total	Pension Plans	Long-Term Disability Plan	Total
a) Funded status of plans						
Plan assets						
Fair value at beginning of year	$ 385,311	$ 23,780	$ 409,091	$ 464,872	$ 34,125	$ 498,997
Actual return on plan assets	46,756	4,464	51,220	(59,277)	(7,678)	(66,955)
Employer contributions	5,526	-	5,526	5,116	-	5,116
Employee contributions	5,162	-	5,162	4,752	-	4,752
Benefits paid	(30,895)	(3,131)	(34,026)	(30,152)	(2,667)	(32,819)
Fair value at end of year	411,860	25,113	$ 436,973	385,311	23,780	$ 409,091
Accrued benefit obligations						
Accrued benefit obligation at beginning of year	359,493	12,514	372,007	426,157	12,666	438,823
Current service cost	10,569	2,249	12,818	13,680	2,602	16,282
Interest cost	27,327	765	28,092	25,594	752	26,346
Benefits paid	(30,895)	(3,131)	(34,026)	(30,152)	(2,667)	(32,819)
Actuarial gains	80,380	6,977	87,357	(75,785)	(839)	(76,624)
Plan amendments	-	-	-	-	-	-
Accrued benefit obligation at end of year	446,874	19,374	466,248	359,494	12,514	372,008
Accrued benefit asset (liability)						
Accrued benefits asset (liability)	(35,014)	5,739	(29,275)	25,817	11,266	37,083
Valuation allowance and unamortized past service costs	1,814	-	1,814	(9,118)	-	(9,118)
Accrued benefit asset (liability), net of valuation allowance	**($ 33,200)**	**$ 5,739**	**($ 27,461)**	**$ 16,699**	**$ 11,266**	**$ 27,965**
b) Net benefit plan expense						
Current service cost, net of employee contributions	$ 5,407	$ 2,249	$ 7,656	$ 8,928	$ 2,602	$ 11,530
Interest cost	27,327	765	28,092	25,594	752	26,346
Expected return on plan assets	(25,209)	(1,555)	(26,764)	(30,549)	(2,295)	(32,844)
Immediate recognition of remaining gains/losses	58,832	4,068	62,900	14,041	9,134	23,175
Amortization of past service costs	552	-	552	552	-	552
Increase in valuation allowance	(11,484)	-	(11,484)	522	-	522
Net benefit plan expense	**$ 55,425**	**$ 5,527**	**$ 60,952**	**$ 19,088**	**$ 10,193**	**$ 29,281**

10. Pension and Long-Term Disability Plans (continued)

	2010		2009	
	Pension Plans	Long-Term Disability Plan	Pension Plans	Long-Term Disability Plan
c) Actuarial assumptions (weighted average as of April 30)				
Discount rate	5.7%	4.8%	7.8%	5.8%
Expected long-term rate of return on plan assets	6.7%	7.0%	6.7%	7.0%
Compensation increase	3.7%	-	3.9%	-
Inflation	2.5%	2.5%	2.5%	2.5%
d) Percentage of fair value of total plan assets held at measurement date by category				
Fixed income	40.0%	14.0%	40.0%	20.0%
Equities	56.0%	86.0%	56.0%	80.0%
Other	4.0%	-	4.0%	-
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

11. Capital Assets

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 906,777	$ 296,172	$ 610,605	$ 511,127
CLSI facility retirement costs	3,154	487	2,667	2,778
Site improvements	75,336	28,515	46,821	39,888
Computers	99,975	88,710	11,265	13,467
Equipment and furnishings	274,601	197,409	77,192	81,638
Land	2,538	-	2,538	2,467
Construction in progress	244,563	-	244,563	210,724
Library materials	178,231	131,367	46,864	47,242
	$ 1,785,175	**$ 742,660**	**$ 1,042,515**	**$ 909,331**

12. Employee Benefit Liabilities

	General	Restricted	2010	2009
Vacation pay	$ 12,804	$ 1,204	$ 14,008	$ 13,001
Early retirement plans	34	-	34	288
Post-retirement life insurance plan	3,072	-	3,072	-
	15,910	1,204	17,114	13,289
Less current portion:				
Vacation pay	12,804	1,204	14,008	13,001
Early retirement plans	34	-	34	256
Post-retirement life insurance plan	334	-	334	-
	13,172	1,204	14,376	13,257
	$ 2,738	**$ -**	**$ 2,738**	**$ 32**

12. Employee Benefit Liabilities (continued)

Health, dental and group life benefits are provided to employees. The university's maximum contribution is defined by employment contracts. Funds held on deposit with Saskatchewan Blue Cross are internally restricted and reported within Accounts Receivable.

The university pays the life insurance premiums for employees who retire early from the date of early retirement until the normal age of retirement. The cost of this benefit is charged to expense over the period of service provided by the employee and is actuarially determined using a discount rate of 7.7%. Service costs are amortized over the expected average remaining service lifetime of employees.

13. Loans

The university holds a 365 credit facility utilizing monthly revolving Banker's Acceptance Loans. The term credit facility allows the university to obtain a favorable rate. The interest rate risk for each Banker's Acceptance Loan is managed through an interest rate swap agreement. Detail of each Banker's Acceptance Loan and interest rate swap agreement are as follows:

The fair value for the interest rate swaps are determined by marked-to-market valuations provided by the Royal Bank of Canada, Toronto.

	2010	2009
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until September 2029	$ 12,124	$ 12,446
Long-term synthetic financial instrument created by interest rate swap agreement - 5.786%, terminates September 2029	1,923	2,928
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until January 2020	3,452	3,719
Long-term synthetic financial instrument created by interest rate swap agreement - 4.72%, terminates January 2020	235	490
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until September 2020	3,588	3,851
Long-term synthetic financial instrument created by interest rate swap agreement - 4.53%, terminates September 2020	213	469
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until June 2021	3,813	4,061
Long-term synthetic financial instrument created by interest rate swap agreement - 4.841%, terminates June 2021	292	572
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until June 2022	4,072	4,304
Long-term synthetic financial instrument created by interest rate swap agreement - 5.30%, terminates June 2022	427	739
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until July 2023	$ 4,298	$ 4,532
Long-term synthetic financial instrument created by interest rate swap agreement - 4.46%, terminates July 2023	231	522

13. Loans (continued)

	2010	2009
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.60%, revolves monthly at progressively smaller amounts until June 2024	4,510	-
Long-term synthetic financial instrument created by interest rate swap agreement - 3.70%, terminates June 2024	9	-
	$ 39,187	**$ 38,633**

Subsequent to April 30, 2010 the university increased its credit facility, as follows, to facilitate the ongoing student residence project:

Royal Bank Bankers Acceptance Facility – Canadian Deposit Offering Rate + spread of 0.40% in the amount of $20 million

Long Term synthetic financial instrument created by interest rate swap agreement – 4.63%, terminates October 2036.

14. Long-term Debt

	2010	2009
Canada Mortgage and Housing Corp. (CMHC) - 6.875% debentures due May 1 and September 1, 2020. These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services	$ 1,713	$ 1,930
Loan payable to the Government of Saskatchewan - General Revenue Fund - 5.125%, due December 1, 2015. These loans are repayable in equal semi-annual installments of $17 blended principal and interest.	171	195
Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less .75%, payable in blended monthly principal repayments of $2, secured by a general security agreement, due July 2016	145	164
Saskatchewan Short-term Hog Loan payable with interest at prime, payable on the date on which the Saskatchewan market price for mature hogs exceeds $140 per 100 kilograms at a rate of one-third of the difference between the Saskatchewan market price and the $140 per 100 kilograms. The total amount of the loan and accrued interest is due in full on April 30, 2012, with 36 equal monthly payments commencing on the outstanding balance on May 1, 2009. the loan is secured by goods, equipment and inventory owned by PSC Elstow.	-	224
Mortgage payable to Farm Credit Canada with interest at FCC's variable rate minus .75%, payable in blended monthly instalments of $16, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property and the postponement and subordination of PSC Elstow's shareholders' debt.	-	1,922
Long-term line of credit, up to a maximum amount of $350, payable to Farm Credit Canada with interest at FCC's variable rate minus .70%, payable in monthly instalments of interest only, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property, and the postponement of PSC Elstow's shareholders' debt.	-	350
Long-term line of credit up to a maximum of $400, payable to Farm Credit Canada with interest at FCC's variable rate plus .25%, payable in monthly instalments of $5, commencing on April 2009, due March 2013. The loan is secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property, and the postponement of PSC Elstow's shareholders' debt.	-	400
	2,029	5,185
Less: Current Portion	(167)	(3,053)
	$ 1,862	**$ 2,132**

14. Long-term Debt (continued)

PSC Elstow Research Farm Inc. (PSC Elstow) a subsidiary of Prairie Swine Centre Inc. was placed in receivership during PSCI's last fiscal year. Assets and liabilities were written down as per EIC 8 of the CICA Handbook.

Principal payments due in each of the next five years is as follows (in thousands of dollars):

2011	$ 167
2012	157
2013	189
2014	202
2015	215

15. Decommissioning Costs

The university is required to decommission the CLSI facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30 year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be $12,149.

The present value of the original liability for decommissioning costs was calculated using a risk free interest rate of 5.0%. The present value of the revision was calculated using a risk free rate of 3.9%. The current year decommissioning costs of $341 (2009 - $263) include amortization of deferred decommissioning costs of $111 (2009 - $79) and costs associated with a financial guarantee to the Canadian Nuclear Safety Commission of $50 (2009 - $41). A reconciliation of the accrued decommissioning costs is as follows:

	2010	2009
Accrued decommissioning costs, beginning of year	$ 3,769	$ 2,830
Accretion expense	180	142
Revision in estimated cash flows	-	797
Accrued decommissioning costs, end of year	**$ 3,949**	**$ 3,769**

16. Capital Disclosures

The university's objectives when managing its resources are to strengthen its financial position and promote responsible stewardship through the effective management of liquidity and capital structure. To effectively achieve our objectives, the university continues to expand and improve its rigorous planning and budgeting processes and internal control procedures. These strategies ensure the university has appropriate liquidity to meet its operational activities and the growth strategies outlined in the university's Second Integrated Plan.

The university funds its resource requirements through external funding, internally generated funds, loans and debt. All sources of financing are analyzed by management and approved by the university's Board of Governors. The university receives a significant portion of its revenue from the Government of Saskatchewan and is required by the university's act to receive prior approval from the Minister of Advanced Education, Employment and Immigration for any borrowing that may impair the financial status of the university.

17. Externally Restricted Funds

Externally restricted reserves represent unexpended fund balances carried forward for subsequent year's expenditures where stipulations have been imposed by an agreement with an external party specifying the purpose for which resources are to be used.

	2010	2009
Restricted Fund		
Capital Fund	$ 93,749	$ 145,588
Student Financial Aid Fund	23,957	21,734
Research Fund	188,559	182,948
Endowment Fund		
Endowed Contributions	121,451	118,195
Recapitalized investment earnings	30,768	13,809
	$ 458,484	**$ 482,274**

18. Internally Restricted Funds

Internally restricted net assets represent amounts set aside by the university's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. At April 30, net assets have been set aside for the following purposes:

	2010	2009
General Fund **	$ 133,620	$ 182,893
Restricted Fund		
Student Financial Aid Fund	5,092	4,564
Research Fund	32,176	29,286
Endowment Fund		
Endowed Contributions	31,916	31,607
Recapitalized investment earnings	1,026	(2,684)
	$ 203,830	**$ 245,666**

** Includes faculty and department carry-forwards and specific purpose reserve

19. Operating Fund – Government of Saskatchewan Revenue

In the current fiscal year cost estimates for the Academic Health Sciences project E Wing were revised. Projected expenditures decreased resulting in a downward revision of current cash flows needed to complete this phase. In response, the Province was able to decrease its operating expenditures to the university by authorizing the university to use the $32,100 for operating purposes – see Note 24. Interfund Transfers.

20. Commitments and Contingencies

a) Capital projects

With commitments relating to the Academic Health Sciences building, the estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2010 is approximately $173,521 (2009 - $148,300).

b) Lease commitments

The university has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

2011	$ 1,377
2012	1,319
2013	1,282
2014	1,249
2015	1,247

c) Loan guarantee

The university has provided a loan guarantee of up to $22,000 related to the external financing obtained by the University of Saskatchewan Students' Union (USSU) for expansion and renovation of the Place Riel Student Centre. In accordance with Section 93 of *The University of Saskatchewan Act, 1995*, the university received approval from the Minister of Advanced Education, Employment and Immigration to provide the loan guarantee. This capital project has been approved the university's Board of Governors and is in the construction stage.

The USSU holds a five year credit facility utilizing floating rate financing totalling $18,300 which expires in 2015. At April 30, 2010, draws on the facility totalled $2,540. The floating interest rate risk is managed through interest rate swap agreements with notional amounts of $12,000 terminating June 2040 and $6,000 terminating January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust, Toronto at April 30, 2010 was $960.

The USSU's loan repayments are being funded by a student infrastructure fee. In the event of default by the USSU, the university can directly collect this fee from students.

d) Retail development

In 2001, the university entered into an agreement with the City of Saskatoon obligating the university to pay offsite levies to the city as approximately 50 acres of retail land is developed. It is estimated that the obligation to the city for future phases of development is $1,029.

e) Utility purchases

To manage the price of natural gas, the university has entered into long-term contracts that expire at varying dates until October 2015, in accordance with the university's Derivatives Policy Guidelines, as follows:

Year	Gas Year	Target Range % Booked per Derivatives Policy	Approximate Consumption Needs Booked %	Weighted Average Price /Gj
0	Nov 09 / Oct 10	75-100	100	6.32
1	Nov 10 / Oct 11	75-100	80	7.47
2	Nov 11 / Oct 12	50-100	80	7.54
3	Nov 12 / Oct 13	50-75	53	7.33
4	Nov 13 / Oct 14	50-75	53	7.40
5	Nov 14 / Oct 15	25-50	27	8.00

In total, the commitment for natural gas purchases at April 30, 2010 is $25,944 (2009 – $24,206).

f) Outstanding legal claims

The nature of the university's activities are such that there may be litigation pending or in progess at any time. With respect to claims at April 30, 2010, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims are not expected to have a material effect on the university's financial position.

f) Outstanding legal claims (continued)

On June 26, 2007 a statement of claim was issued against the University of Saskatchewan alleging responsibility for environmental contamination of adjoining land. The university has filed a statement of defense, denying all claims. The outcome is not determinable at this time, however, should ultimate resolution differ from management's assessments and assumptions, a material adjustment to the university's financial position or results of operations could result.

g) Canadian Universities Reciprocal Insurance Exchange

The university is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative comprised of over fifty Canadian universities and colleges. CURIE was established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. As at December 31, 2009 CURIE had an accumulated surplus of $32,032 of which the university's pro-rata share is approximately 3.90% (2008 – 3.92%).

21. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $14,401 were recorded in the year (2009 - $5,312). Gifts-in-kind consist of the following:

	2010	2009
Works of Art	$ 250	$ 354
Equipment and furnishings	68	198
Investments	1,189	1,813
Library holdings	125	54
Real estate	12,000	-
Other	769	2,893
	$ 14,401	**$ 5,312**

Donations pledged but not received as at April 30, 2010 totaled $19,184 (2009 - $18,376). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

22. Collections

a) Collections of Artifacts, Archival Material and Rare Books

The university has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the university's research and teaching missions. Acquisitions are donated as well as purchased. The university rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the university, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b) Art Collection

The Kenderdine Art Gallery administers the permanent art collection of the university. The collection includes works of art that provide a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the university or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

23. Operating Fund Allocations

A comparison of the university's Operating Budget Allocations, as approved by the university's Board of Governors, to actual expenses (net of other recoveries and revenues):

	2010 [a]		2009	
	Budget [b]	**Expenses** [c]	**Budget** [b]	**Expenses** [c]
Agriculture and Bioresources	$ 11,429	$ 11,436	$ 10,626	$ 10,444
Arts and Science [d]	51,491	51,478	48,523	50,124
Edwards School of Business	12,025	11,930	11,267	11,130
Dentistry	5,708	5,675	5,261	5,290
Education	8,375	7,994	8,296	8,001
Engineering	13,933	14,060	13,058	13,303
Centre for Continuing and Distance Education	3,495	3,053	3,301	3,767
Graduate Studies and Research	1,136	1,073	1,012	984
Kinesiology, including Huskie Athletics	4,638	4,291	4,484	4,706
Law	4,511	4,662	4,513	4,167
Medicine	33,705	30,455	28,042	26,766
Targeted Funding - Medicine Accreditation	17,570	15,661	16,893	15,549
Nursing	9,500	9,574	7,607	7,612
Pharmacy and Nutrition	4,659	5,080	4,231	4,284
Veterinary Medicine	23,524	19,618	22,036	18,874
Interdisciplinary Units	5,023	4,728	4,306	4,111
Schools [d]	2,949	2,961	2,092	1,748
Non-academic units:				
Library	10,533	10,329	10,802	10,585
Information Technology	9,713	9,709	8,065	8,136
Student and Enrolment Services	10,184	9,918	10,718	10,230
Facilities Management	20,812	21,396	20,660	17,212
Consumer Services	477	1,038	616	1,070
Campus Safety	2,065	2,026	1,969	2,053
External Relations-University Advancement	7,474	6,509	5,318	5,105
Administrative Units	21,685	21,613	21,699	20,780
Central Utilities	14,553	12,807	14,865	13,405
Central Scholarships/Bursaries	9,440	9,437	8,534	8,533
Central Research and Scholarly	20,757	15,075	17,477	12,668
Central Student Support	1,114	535	820	408
Central Network, Software and System Renewal	5,406	4,549	4,694	6,669
Central Administration [e]	7,573	7,731	8,279	6,059
Central Benefits [f]	6,534	5,936	6,461	5,112
Total	**$ 361,991**	**$ 342,337**	**$ 336,525**	**$ 318,885**

(a) For 2010, Budget Allocation and Expense amounts include the effect of the campus-wide budget reductions implemented during the year (Year 1 of total $10,000 target over two years)

(b) For some Colleges/Administrative Units, the Budget Allocation amount above varies from the "Allocation of Operating Revenue" amount reflected in Schedule 3 of the financial statements. This difference is caused by classification adjustments.

(c) Expenses include planned spending of opening fund balances.

(d) Budget Allocations and Expenses reflect the results of organizational restructuring during the year ended April 30, 2010.

(e) Includes wage accruals for all Colleges/Administrative Units related to collective agreements which are settled in subsequent years.

(f) Includes accountable professional allowances and other benefits provided to employees under the terms of collective agreements.

24. Interfund Transfers

Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund.

	Operating	Ancillary	Student Financial Aid	Research	Capital	Endowment
Salary & Benefits	$ (978)	$ 25	$ -	$ 1,344	$ (101)	$ (290)
Loan & Interest Payments	(2,913)	(9,320)	-	-	12,233	-
Capital Acquisition Funding	(31,386)	(10,328)	-	(72,474)	115,306	(1,118)
Donations	(27)	-	13	4	(1)	11
Scholarships, Bursaries and Prizes	(11,799)	(1,050)	11,929	-	-	920
Fund Transfers for Endowment	(4,124)	-	(1,263)	(857)	597	5,647
Funding for Research	(6,905)	-	(410)	7,355	(349)	309
Funding of General						
Operating Expenses	10,885	499	(95)	(10,247)	(233)	(809)
Government reallocation of						
Funding (Note 19)	32,100				(32,100)	
Other Net Transfers	549	(549)	-	-	-	-
April 30, 2010	**$ (14,598)**	**$ (20,723)**	**$ 10,174**	**$ (74,875)**	**$ 95,352**	**$ 4,670**
April 30, 2009	**$ (8,882)**	**$ (5,606)**	**$ 9,412**	**$ (100,498)**	**$ 104,121**	**$ 1,453**

25. Related Party Transactions

The university receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Government of Saskatchewan exercises significant influence over the operations of the university, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the university.

Revenue received from the Government of Saskatchewan is disclosed separately in the Consolidated Statement of Operations. Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions during the year and the amounts outstanding at year-end are as follows:

	2010	2009
Sales of services and products-physicians' billings	$ 20,729	$ 21,547
Expenses		
Utilities	11,782	11,470
Other	22,294	29,398
Accounts Receivable	24,824	11,430
Long-term investments	3,102	13,066
Accounts payable and accrued liabilities	4,578	1,824
Deferred revenue	33,318	7,855
Long-term debt	171	419

26. Financial Instruments

The university's financial instruments recorded in the consolidated financial statements consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, loans and long-term debt.

a) Risk Management and Financial Instruments

i) Market risk

The university is exposed to market risk - the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. Investments are placed in accordance with policies specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument.

ii) Foreign currency risk

The university has foreign currency risk arising from its foreign currency denominated cash and investment accounts and exposure to foreign currency denominated revenues or expenses. Investments are placed in accordance with policies addressing investment in foreign currency to reduce the level of risk by diversifying the portfolio of investment classes.

iii) Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker's Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans - see Note 13, above. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degree of volatility of these rates.

iv) Credit risk

The university has normal credit risk from counterparties. Since government agencies compose a significant portion of the receivable arising from the university's diverse client base, possibility of default is believed to be low.

v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The university minimizes its liquidity risk through careful management of Investment Pools to maintain sufficient liquidity for operating purposes.

b) Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long-term debt, which as at April 30, 2010, has a carrying value of $ 1,862 (2009 - $2,132) and a fair value of $2,339 (2009 - $2,499)

27. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the financial statement presentation adopted for the current year.

THE UNIVERSITY OF SASKATCHEWAN

Schedule 1 - Consolidated Statement of Operations and Changes in Fund Balances - General Funds

For the Year Ended April 30, 2010 ($ thousands)

	Operating	Ancillary	Total
Revenues			
Grants and contracts			
Government of Canada	$ 5,502	$ -	$ 5,502
Government of Saskatchewan	277,282	100	277,382
Other governments	17,908	-	17,908
Non-government	7,952	-	7,952
Student fees	96,511	-	96,511
Gifts, grants and bequests	6,706	12,000	18,706
Sales of services and products	45,489	38,287	83,776
Income from investments	19,531	17	19,548
Real estate income	665	2,416	3,081
Miscellaneous income	11,655	148	11,803
	489,201	52,968	542,169
Expenses			
Salaries	323,886	7,498	331,384
Employee benefits	97,613	1,176	98,789
Operational supplies and expenses	59,954	1,195	61,149
Travel	9,972	25	9,997
Cost of goods sold	8,679	10,676	19,355
Maintenance, rental and renovations	6,644	1,525	8,169
Utilities	9,079	11,143	20,222
Scholarships, bursaries and prizes	2,956	-	2,956
Interest	7	-	7
Bad debt expense	337	63	400
	519,127	33,301	552,428
Net revenues	(29,926)	19,667	(10,259)
Interfund transfers (Note 24)	(14,598)	(20,723)	(35,321)
Net increase in fund balances for year	(44,524)	(1,056)	(45,580)
Fund balances, beginning of year	193,659	(1,739)	191,920
Fund balances, end of year	$ 149,135	$ (2,795)	$ 146,340

See accompanying notes to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN
Schedule 2 - Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds
For the Year Ended April 30, 2010 ($ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	$ 1	$ 115,350	$ 2,773	$ 118,124
Government of Saskatchewan	873	32,626	41,841	75,340
Other governments	-	3,238	-	3,238
Non-government	108	27,642	368	28,118
Student fees	1	-	-	1
Gifts, grants and bequests	3,431	2,090	629	6,150
Sales of services and products	-	152	-	152
Income from investments	4,177	4,473	6,336	14,986
Real estate income	33	54	-	87
Miscellaneous income	56	33	2	91
	8,680	185,658	51,949	246,287
Expenses				
Salaries	1,201	55,667	1	56,869
Employee benefits	76	4,844	-	4,920
Operational supplies and expenses	35	23,917	4,324	28,276
Travel	68	6,008	4	6,080
Maintenance, rental and renovations	-	921	1	922
Utilities	-	39	-	39
Amortization	-	-	60,013	60,013
Scholarships, bursaries and prizes	14,728	10,886	-	25,614
Interest	-	-	(158)	(158)
Bad debt expense	(5)	-	-	(5)
Decommissioning costs (Note 15)	-	-	341	341
	16,103	102,282	64,526	182,911
Net revenues (expenses)	(7,423)	83,376	(12,577)	63,376
Interfund transfers (Note 24)	10,174	(74,875)	95,352	30,651
Net increase (decrease) in fund balances for year	2,751	8,501	82,775	94,027
Fund balances, beginning of year	26,298	212,233	1,008,471	1,247,002
Fund balances, end of year	$ 29,049	$ 220,734	$ 1,091,246	$ 1,341,029

See accompanying notes to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit

For the Year Ended April 30, 2010 ($ thousands)

	Agriculture and Bioresources	Arts & Science	Edwards School of Business	Dentistry	Education	Engineering	CCDE*	Graduate Studies and Research
Revenues								
University operating budget	$ 11,429	$ 51,185	$ 12,025	$ 5,708	$ 8,375	$ 13,933	$ 3,494	$ 1,136
Grants and contracts								
Government of Canada	6,659	12,662	236	(387)	1,460	6,906	-	358
Government of Saskatchewan	8,352	4,853	-	126	651	1,736	-	10
Other governments	1,295	183	-	-	45	25	-	-
Non-government	13,518	2,189	9	519	2,705	1,230	(6)	153
Student fees	46	190	745	52	207	11	6,693	171
Gifts, grants and bequests	624	924	1,306	56	156	1,941	132	48
Sales of services and products	2,958	1,002	134	1,466	1,014	835	904	1
Income (loss) from investments	5,933	2,527	1,649	62	357	2,467	8	304
Real estate income	225	-	-	-	-	-	-	-
Miscellaneous income	2,151	151	147	17	18	160	7	22
	53,190	75,866	16,251	7,619	14,988	29,244	11,232	2,203
Expenses								
Salaries	25,240	52,803	10,478	4,286	8,418	18,375	6,834	1,000
Employee benefits	3,252	6,344	1,192	537	987	2,154	889	138
Operational supplies and expenses	7,412	4,740	1,696	616	1,446	3,885	2,216	41
Travel	1,560	2,759	416	83	457	1,076	518	34
Cost of goods sold	55	(1)	-	677	-	44	-	-
Maintenance, rental and renovations	626	234	82	21	69	155	47	18
Utilities	270	39	11	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-
Scholarships, bursaries and prizes	2,553	7,043	688	1,062	547	2,301	5	645
Interest	-	-	-	-	-	-	-	-
Bad debt expense	(1)	-	-	2	-		-	-
Decommissioning costs (Note 15)	-	-	-	-	-	-	-	-
	40,967	73,961	14,563	7,284	11,924	27,990	10,509	1,876
Net revenues (expenses)	12,223	1,905	1,688	335	3,064	1,254	723	327
Interfund transfers (Note 24)	(8,377)	1,380	(761)	(267)	235	1,401	(349)	3,003
Net increase (decrease) in fund balances for year	$ 3,846	$ 3,285	$ 927	$ 68	$ 3,299	$ 2,655	$ 374	$ 3,330

* Centre for Continuing and Distance Education

See accompanying notes to consolidated financial statements

Kinesiology	Law	Library	Medicine	Nursing	Pharmacy and Nutrition	Veterinary Medicine	Other Units	Total
$ 4,638	$ 4,511	$ 14,702	$ 47,805	$ 9,500	$ 4,659	$ 23,524	$ (216,624)	$ -
682	47	-	9,119	903	482	2,933	81,566	123,626
271	27	268	52,986	230	925	533	281,754	352,722
-	-	-	487	1	-	1,025	18,085	21,146
580	334	47	7,587	695	486	917	5,107	36,070
3,231	176	1	816	117	191	15	83,850	96,512
1,147	770	446	2,343	167	480	936	16,250	27,726
1,701	153	57	16,685	54	22	7,186	49,756	83,928
321	1,695	451	2,853	175	404	1,985	30,040	51,231
85	-	-	135	-	-	-	2,723	3,168
262	33	130	845	45	26	30	7,850	11,894
12,918	7,746	16,102	141,661	11,887	7,675	39,084	360,357	808,023
6,891	4,573	8,507	90,728	9,023	4,869	19,872	116,356	388,253
766	549	1,323	8,399	1,119	607	2,610	72,843	103,709
1,908	617	966	23,558	908	1,009	6,290	32,120	89,428
1,075	234	149	3,121	357	144	580	3,514	16,077
10	-	-	114	-	-	805	17,651	19,355
171	6	135	573	8	-	435	6,511	9,091
-	-	-	57	-	-	72	19,812	20,261
-	-	-	-	-	-	-	60,013	60,013
1,126	518	1	3,170	181	418	1,758	6,554	28,570
-	-	-	-	-	-	-	(151)	(151)
3	-	-	(5)	-	-	12	384	395
-	-	-	-	-	-	-	341	341
11,950	6,497	11,081	129,715	11,596	7,047	32,434	335,948	735,342
968	1,249	5,021	11,946	291	628	6,650	24,409	72,681
46	(4,064)	(3,971)	(2,464)	(100)	315	(10,134)	24,107	-
$ 1,014	$ (2,815)	$ 1,050	$ 9,482	$ 191	$ 943	$ (3,484)	$ 48,516	$ 72,681

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